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AMERICAN POLICY CONCERNING GERMAN MONOPOLIES

by Isaiah Frank

A key element in American policy toward Germany is the elimination of excessive concentrations of economic power. The manner in which we are attempting to achieve this objective is presented against the background of the role played by German combines and cartels in the past.

On February 12, 1947, laws entitled "Prohibition of Excessive Concentration of German Economic Power" were simultaneously promulgated by the military governments in the United States and British zones of Germany.¹ Although it is premature to attempt an appraisal of the actual effect of these "decartelization" laws on the structure of German industry, their enactment signifies the culmination of about a year and a half of effort at statutory implementation of the Potsdam provision that—

"At the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements."

An analysis of the economic and political basis for American policy concerning German cartels and combines would lie beyond the scope of the present article. Three considerations, however, may be mentioned as of paramount importance.

(1) It is recognized that the emergence in Germany of a liberal democratic government would be prejudiced if the economic power concentrated in the hands of German monopolists could be used in the political sphere to pursue their traditional anti-democratic aims.

(2) Our conception of a post-war world free from restrictions on production and trade imposed by international cartels and combines could scarcely be realized if steps were not taken now to prevent the future resumption of German industry's role as organizer and leader of restrictive organizations. Internal combination and carteli-

zation of German industry served as the essential basis for her sponsorship of such organizations in the international field.

(3) Allied security interests require the elimination of German monopoly. In combination with other important elements in German society such as "Junkerdom" and a militaristic tradition, the monopolistic organization of German industry has served indirectly as a cause of aggression. Monopoly leads to high prices, reduced output, and excess capacity with resultant pressures to engage in dumping or to enlarge the protected market through territorial conquest. In addition a monopolistic industrial structure tends to increase the rate of profit and therefore of savings while at the same time reducing opportunities for independent investment. Under normal conditions of private capitalism this situation typically aggravates the problem of unemployment and maldistribution of income and makes for political instability and extremism.

This article presents briefly a statement of the position which monopolies occupied in Germany both before and during the Nazi regime and an account of attempts by the United States to deal with the problem since the end of the war.

Position of Monopolies in Germany

Concentration of German industry had progressed rapidly before the Nazis came to power. In terms of organization it was achieved principally through the establishment of combines and

¹ BULLETIN of Mar. 9, 1947, p. 443. An article will follow in an early issue of the BULLETIN on United States policy toward monopoly in Japan.

cartels. Though both forms of organization have assumed numerous variations, the combine may be described essentially as an enterprise uniting under common ownership or management competitors (horizontal combine) or producers at several stages in the production process (vertical combine). Cartels, on the other hand, are contractual arrangements among legally independent enterprises for the purpose of avoiding or reducing competition. Though the controls bearing on any particular market situation were likely to consist of elements of both types of arrangements, the cartel was in a sense a secondary manifestation of the condition in which a relatively few firms controlled a large part of German capital and production. In fields where powerful combines existed the pressure was strong upon all firms in an industry to conform to their policies through participating in a cartel.

The prototypes of the combines were those within so-called "heavy industry." Single *Konzerne* controlled extensive mining properties, coking plants, iron and steel works, heavy engineering works, and in a number of cases inland navigation companies. They dominated the Rhine-Ruhr region, the middle German industrial region, and Upper Silesia. The merger and growth of large firms both vertically and horizontally spread from iron and steel and its closely allied industries to chemicals, the electro-technical field, light metals, and later the great synthetic industries, including textiles.

Many reasons have been advanced for this growth of monopoly in Germany on a scale which has few parallels in industrially developed countries. Considerable emphasis is placed by some economic historians on the relatively late but rapid industrialization of Germany, accounted for in part by the lack of political unification during most of the nineteenth century. In other western countries technical knowledge and organizational forms developed slowly and were accompanied by the establishment of a strong and independent middle class with a tradition of economic liberalism and political democracy appropriate to such a social structure. In Germany, however, the compression of industrial development within a relatively short space of time meant the superimposition of large-scale industry upon a framework of institutions essentially pre-industrial or "feudal" in character.

Concentration was further encouraged before and during World War I by the allocation of Government armament orders which constituted the largest single outlet for the productive capacity of heavy industry. After the war the inflation wiped out substantial elements of small and medium-sized business and left the combines in a position to acquire additional properties at bargain rates. The merger process was abetted by the use for such purposes of indemnities received by heavy industry for the loss of properties in Lorraine and Silesia. In this connection it should be noted that, although the process of trustification relied for its political support upon the conservative elements in the community, it was never vigorously opposed by the Left, which regarded industrial concentration as a process that would facilitate the tasks of socialization.

The effectiveness of cartel controls in Germany was in good measure a consequence of the dominant role played by the big combines. Though small and inefficient enterprises were sometimes kept alive under the protection of cartel agreements, basic policies were set by the larger firms. Voting power within the cartel was commonly based on a member's production quota, a circumstance which encouraged the merger process since the quota went along with the rest of the firm's assets. Cartelization also stimulated vertical combination as a device to avoid the necessity of purchasing materials in high-price, cartelized markets.

Membership in the pre-Nazi cartels was, at least nominally, voluntary except for a few cases such as coal and potash in which compulsory organizations were set up by special parliamentary enactment. The freedom not to join and also to withdraw from cartels made possible in certain fields periodic outbursts of competition often induced by struggles surrounding the bargaining for higher quotas.

Private market regulation of the cartel variety was a socially sanctioned and legally accepted way of doing business in Germany. Many court decisions reflected the view that price and quota agreements were a more civilized method of ordering the market than the "anarchy" of free competition. At times of national economic crisis, however, public sentiment became aroused against monopolies to the point where the Government was forced to take formal steps. The most sweeping of the Weimar decrees for the regulation of

cartels in the public interest came in 1923 when the inflation had brought about the impoverishment of substantial sectors of the middle class while at the same time strengthening the position of big business. The 1923 decree vested broad powers in the Government to void existing agreements and to enjoin cartels from engaging in practices which were prejudicial to the economic welfare of the community. These powers were strengthened in another decree issued in 1930 in response to pressures that arose during the business collapse.

Despite the considerable grants of statutory power to prevent and remedy the worst abuses of cartels, the Weimar Government seldom took action. The laws remained on the statute books practically as dead letters while the cartels consolidated their position domestically and extended their power beyond Germany's borders to become the dominant factors in the network of international cartels that blanketed European industry.

Though the concentration of German industry progressed rapidly under the Weimar Government, the process was greatly accelerated after the Nazis came to power. One indication of the point reached in this process is furnished by the advance of integration in Germany's coal mines, which, along with potash, represent her only significant indigenous resource of raw materials and the basis for her vast iron and steel, chemical, and synthetic industries. In 1913 the independent coal mines controlled over 50 percent of the coal fields, whereas in 1940 all but 10 percent of the coal fields passed into captive hands. This figure was further reduced during the war by the incorporation of some of the remaining mines into the Ruhr steel combines.

The Nazi Government pursued a positive policy of encouraging the amalgamation of small and especially medium-sized firms into the larger combines. Joint concerns were compulsorily established in certain fields, such as synthetics, where rapid expansion was desired. Rationalization of industry with a view to increasing the efficiency of the industrial machine for military purposes became, in effect, a device for eliminating or combing out the inefficient, i.e. smaller, concerns. Aryanization of Jewish property provided an opportunity to acquire the property of former competitors, a factor which was especially important in the consumer-goods industries. The Ger-

manization of property in occupied Europe meant the accretion to existing combines of substantial blocks of foreign industrial assets, in many cases at nominal prices. Perhaps of paramount importance in shaping the attitude of the Nazi Government toward the extension of the dominion of existing combines was the conviction that such concentration, by reducing the number of units with which government would have to deal, would simplify the task of mobilizing the economy for war and would facilitate administration during active hostilities.

Whereas the Weimar Government merely refrained from interfering with cartels, the Nazis adopted a conscious policy of strengthening cartels with a view to using them to further national objectives.

The movement to consolidate individual business enterprises had its analogue in the "rationalization" of associations of business. By the latter stages of the war the 2,500 cartels, which it is estimated had formerly existed, were merged into approximately 500 cartels, mostly of a national character. Much of this consolidation was accomplished at the direction of the Government which, shortly after coming into power, issued a compulsory cartelization decree vesting in the Minister of Economics the power to create new cartels with compulsory membership and to order any firm to join an existing cartel.

As industrial capacity in Germany became fully utilized in response to military demands, the traditional functions of the cartels as market-regulating bodies disappeared. Price-fixing was adopted by the Government as an anti-inflationary measure, restrictionism in production gave way to efforts to maximize output, orders and raw materials became centrally allocated, and research and technology were compulsorily pooled. In this economic environment the cartels and super-cartels established by the authorities (*Gruppen, Ringe, Reichsvereinigungen*) became the self-governing organizations of business, carrying out under general directives the various regulatory functions involved in state-planned production and distribution. Needless to say, the power which the cartels and cartel-like organizations exercised over their members became vastly enhanced by the fact that they became the officially established points of contact between the central German Government and the individual firms in an industry.

U.S. Action To Weaken German Monopoly

As the Allied military occupation of Germany progressed, official recognition was given to the necessity for uprooting monopolistic organizations from the entrenched positions which they had established in German economic and political life. In April 1945 the directive to the Commander in Chief of United States Forces of Occupation (JCS 1067) included the following:

"You will prohibit all cartels or other private business arrangements and cartel-like organizations, including those of a public or quasi-public character such as the *Wirtschaftsgruppen* providing for the regulation of marketing conditions, including production, prices, exclusive exchange of technical information and processes, and allocation of sales territories. Such necessary public functions as have been discharged by these organizations shall be absorbed as rapidly as possible by approved public agencies.

". . . It is the policy of your government to effect a dispersion of the ownership and control of German industry. . . ."

This was followed shortly after the formal surrender of Germany by a directive from USFET to the commanding generals of the military districts outlawing cartels. Then in August of the same year was signed the Potsdam declaration, reiterating our commitment to eliminate excessive concentrations of economic power in the form of both combines and cartels.

Implementation of official United States policy in this field has not been as rapid or vigorous as many had hoped. As with all occupation policies, the necessity for dealing with certain pressing short-run problems of economic revival, such as coal, food, and the foreign-trade deficit, tended to push into the background long-run objectives having to do with the basic shape of the German economy. Perhaps even overshadowing such conflicts of priority, the program has also suffered from varying interpretations on the part of the occupying powers as to the ultimate objectives of the deconcentration program and as to the manner in which it ought to be carried out. These differences—though highly revealing in themselves as reflecting some of the basic divergencies in over-all policy with respect to Germany—lie beyond the scope of this article and are mentioned merely in explanation of the difficulties faced by those responsible for implementing the program.

Much of the energies of the Decartelization

² BULLETIN of Oct. 21, 1945, p. 604.

Branch of the Office of Military Government, United States (OMGUS) has in the past year and a half been taken up with negotiations with the other occupying powers on a law to serve as the basis for a comprehensive program for eliminating German combines and cartels. Simultaneously, extensive investigations and research have been carried forward in preparation for the complex task of corporate reorganization which is to constitute the principal phase of the anti-monopoly program. In addition, a number of *ad hoc* measures have been taken in limited spheres, the general lines of which can be indicated by a few examples.

I. G. Farben's spectacular role in organizing and dominating international chemical cartels and in supporting the German war effort caused it at an early date to be singled out for special attention. I. G. was established in 1925 out of a merger of six of the leading chemical firms in Germany. By 1937 it had a net worth of nearly six billion Reichsmarks and held participations in hundreds of industrial organizations both within and outside Germany. Together with its subsidiaries it had more than 200,000 employees before the war and increased this number to 400,000 during the war.

The Allied Control Authority in November 1945 issued Law No. 9 "providing for the seizure of property owned by I. G. Farbenindustrie and the control thereof". To carry out the law there was created a control committee consisting of one officer appointed by each of the zone commanders. Policies agreed upon by the committee were to be implemented in each zone by the zone commander acting through his control officer. Among the objectives to be accomplished by the committee were the termination of cartel relationships and the dispersion of the ownership of those plants and assets remaining after the destruction of specialized war facilities and the removal of other assets on reparations account. To date, substantial progress has been made in decentralizing the management of the plants and enterprises of I. G. Farben, liquidating central selling agencies, and prohibiting the carrying out of obligations under cartel agreements. The dispersion of ownership of I. G. plants has thus far, however, not progressed beyond the planning stage, and action along these lines awaits quadripartite agreement.

Little coal is mined in the U.S. zone of Germany

and coal distribution in the past was carried on almost exclusively by two cartels—the bituminous coal organization known as Kohlenkontor Weyhenmeyer and Company of Mannheim and the brown coal group, the Rheinische Braunkohle Syndikat. Besides controlling the terms of sale and delivery for practically all coal coming into southern Germany, these two cartels limited wholesalers to particular marketing regions and engaged in a wide variety of other restrictive practices. Trustees have now been appointed over these organizations by OMGUS and their most undesirable activities have been eliminated.

In administering Germany's foreign-trade program, OMGUS has adopted the policy of screening contracts with a view to discouraging business relationships which would tend ultimately to lead to restraints of trade. Sales contracts with foreign buyers are in general not approved if they fix prices or terms of resale, allocate markets or fields, or otherwise restrict the sales or production of a consignee. Contracts are also rejected which create exclusive outlets in any country for German products where the consignee owns or controls facilities for the manufacture of the same or closely similar products.

Law for Deconcentration of German Industry

Quadripartite agreement on the terms of a law which would lay down standards and procedures for dissolving German combines and for eliminating cartels and other practices in restraint of trade had not yet been reached at the time the economic merger of the British and American zones was announced. On February 12, 1947, therefore, parallel laws were simultaneously promulgated in the U.S. and U.K. zones to remain in effect until such time as a quadripartite formula can be worked out. The U.S. and U.K. laws are identical except for two provisions as will be indicated in the following description.

Article 1 constitutes the basic provision and may be regarded as consisting substantively of two parts, one relating to restrictive practices including cartels, and the other to combines. The section on restrictive practices outlaws "cartels, combines, syndicates, trusts, associations or any other form of understanding or concerted undertaking between persons, which have the purpose or effect of restraining, or of fostering monopolistic control of, domestic or international trade or other eco-

nomic activity, or of restricting access to domestic or international markets". Among the practices which this expression is defined to include are agreements which fix prices, terms, or conditions in the purchase or sale of any product; exclude any person (natural or juristic) from any territorial market or field of business activity, allocate customers, or fix sales or purchase quotas; allocate distributors or products among customers; boycott or discriminate against enterprises for the purpose of reducing competition; limit production or fix production quotas; suppress technology, whether patented or unpatented; extend the use of rights under patents, trade-marks, or copyrights to matters not contained in the authorized grant. It will be noted that this recital of practices parallels almost exactly the restrictive practices listed in chapter VI of the present draft charter of the International Trade Organization.

The section of article 1 dealing with combines provides that all economic enterprises having their headquarters in the U.S. zone (the British zone in the U.K. law) and employing in Germany on the effective date of the law or thereafter "more than 10,000 persons shall be examined as *prima facie* constituting excessive concentrations of economic power". A principal object of the investigation would presumably be to determine whether the existing degree of integration is justified on grounds of technological efficiency. If military government or its designated agency makes a finding that the enterprise does in fact constitute an excessive concentration of economic power, the enterprise is to be dissolved in accordance with the relevant provisions of the act. On this point the U.S. zonal law has a proviso, not paralleled in the U.K. version, providing that when an enterprise with more than 10,000 employees is located entirely within the U.S. zone it shall be dissolved unless military government takes affirmative action in the case in question to exempt the enterprise. Though the inclusion of this clause only in the U.S. zonal ordinance reflects a divergence of view from the British position that the size of a firm is not in itself crucial in determining excessive concentration, it is doubtful whether the clause will in fact be applicable to more than a few enterprises since most firms which exceed the 10,000-employee standard probably have at least a sales agency outside the U.S. zone.

Article 1 also provides that firms may be dealt

with as excessive concentrations of economic power even when they do not exceed the 10,000-employee standard. In making a determination as to whether such a firm is an excessive concentration, military government is required to consider the following factors: the percentage of total production in the industry controlled by the enterprise; the asset value of the enterprise and its annual volume of business; the number of persons employed; the character of the product or other activity of the enterprise; and the nature and extent of participation by the enterprise in any restrictive agreement or practice.

Article 2 prohibits German participation in international cartels directly or indirectly. Article 3 provides for exemptions from the terms of the law when in the opinion of military government the activities of the enterprise under review are not repugnant to the purposes of the deconcentration law or are required to further the declared objectives of military government.

Article 4 confers broad powers upon the agency designated by military government to enforce the law, including the power to eliminate corporate entities; redistribute and remove property, investments, and other assets; and cancel cartel obligations. The enforcing agency may also delegate any of its powers to appropriate German governmental agencies.

The statute lays down penalties up to 10 years' imprisonment or fines of not more than 200,000 Reichsmarks or both and leaves it to the discretion of military government to decide whether judicial proceedings shall be taken before German courts or military-government courts. Although the law became effective on date of promulgation, violators of the anti-combine provisions are not to be subject to criminal prosecution for a period of six months thereafter.

Appended to the ordinance as outlined is an annex entitled "Regulation Number 1". This annex defines the procedure to be adopted by enterprises affected by the law, the procedure governing applications for exemptions, and the rights of subject enterprises to appeal.

The section on exemptions under Regulation No. 1 includes the most important difference between the U.S. and U.K. versions. Both exempt the Reichsbahn, the Reichspost, public utilities, and enterprises taken into control by military government. In the latter connection, however, the an-

nex to the U.S. law specifies only I. G. Farben as included among enterprises exempt, whereas the British version also includes the Krupp works, the coal industry, and the iron and steel industry.

Detailed provisions are laid down for the submission of reports and other information on the basis of which enterprises will be notified whether they come within the scope of the law. Subject enterprises receiving orders to decentralize or otherwise comply with the law are required within three months of the issuance of such orders to prepare and submit a plan for complying with the law. After approval or amendment of the plan by military government they are to proceed to carry it out within a designated time limit. Enterprises subject to the anti-combine provisions of the law are forbidden to dispose of any of their assets without the written approval of military government.

Conclusion

Elimination of excessive concentrations of economic power is a key element in American policy for the democratization of Germany's economic and political structure. The success of the program will depend in good measure on the machinery set up to enforce the relevant statutes and on the perception and vigor displayed by the enforcement personnel. In particular, it will be necessary to integrate closely the administration of the program in the U.S. and British zones even though a substantial portion of Germany's industrial assets in the U.K. zone is not subject to the decartelization law. German agencies or personnel to whom responsibilities are delegated will have to be carefully screened and supervised in view of their inexperience and historical indifference to anti-trust objectives. Even in the United States, where the anti-monopoly tradition is strong and deeply rooted, the legal and administrative problems connected with enforcement have been vexing and arduous. Although noteworthy results have been achieved in eliminating and preventing restrictive business practices, experience under the anti-trust laws and the Public Utility Holding Company Act attests to the difficulties surrounding the accomplishment of effective corporate dissolutions. Since corporate divestitures will constitute the central feature of the German deconcentration program, the task that lies ahead will tax the best efforts of the occupation authorities.

THE COUNCIL OF FOREIGN MINISTERS

Moscow Meeting of the Council of Foreign Ministers March 10–April 24, 1947

ADDRESS BY THE SECRETARY OF STATE¹

Tonight I hope to make clearly understandable the fundamental nature of the issues discussed at the Moscow Conference of Foreign Ministers.

This Conference dealt with the very heart of the peace for which we are struggling. It dealt with the vital center of Europe—Germany and Austria—an area of large and skilled population, of great resources and industrial plants, an area which has twice in recent times brought the world to the brink of disaster. In the Moscow negotiations all the disagreements which were so evident during the conferences regarding the Italian and Balkan treaties came into sharp focus and remained in effect unsolved.

Problems which bear directly on the future of our civilization cannot be disposed of by general talk or vague formulae—by what Lincoln called “pernicious abstractions”. They require concrete solutions for definite and extremely complicated questions—questions which have to do with boundaries, with power to prevent military aggression, with people who have bitter memories, with the production and control of things which are essential to the lives of millions of people. You have been kept well informed by the press and radio of the daily activities of the Council, and much of what I have to say may seem repetitious. But the extremely complicated nature of the three major issues we considered makes it appear desirable for me to report in some detail the problems as I saw them in my meetings at the Conference table.

There was a reasonable possibility, we had hoped a probability, of completing in Moscow a peace treaty for Austria and a four-power pact to bind together our four governments to guarantee the demilitarization of Germany. As for the German peace treaty and related but more current German problems, we had hoped to reach agreement on a directive for the guidance of our deputies in their work preparatory to the next conference.

In a statement such as this, it is not practicable to discuss the numerous issues which continued in

disagreement at the Conference. It will suffice, I think, to call attention to the fundamental problems whose solution would probably lead to the quick adjustment of many other differences.

Coal

It is important to an understanding of the Conference that the complex character of the problems should be understood, together with their immediate effect on the people of Europe in the coming months. To cite a single example, more coal is most urgently needed throughout Europe for factories, for utilities, for railroads, and for the people in their homes. More coal for Allied countries cannot be mined and delivered until the damaged mines, mine machinery, railroad communications and like facilities are rehabilitated. This rehabilitation, however, depends on more steel, and more steel depends in turn on more coal for steel making. Therefore, and this is the point to be kept in mind, while the necessary rehabilitation is in progress, less coal would be available in the immediate future for the neighboring Allied states.

But less coal means less employment for labor and a consequent delay in the production of goods for export to bring money for the purchase of food and necessities. Therefore, the delay necessary to permit rehabilitation of the mines so vitally affects France that the settlement of this matter has become for her a critical issue. All neighboring states and Great Britain and the Soviet Union are directly affected in various ways since coal is required for German production of goods for export sufficient to enable her to buy the neces-

¹ Broadcast over the national networks of the American Broadcasting Company, Mutual Broadcasting System, and National Broadcasting Company on Apr. 28, 1947, upon the occasion of the Secretary's return from the meeting of the Council of Foreign Ministers and released to the press on the same date. The full text of the Secretary's address was broadcast to the Soviet Union in the Russian language on Apr. 29 from the New York studios of the Voice of the United States of America, operated by the International Broadcasting Division of the Department of State.

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sary imports of foods, et cetera, for much of which the United States is now providing the funds.

Moreover, in the background of this coal issue, which is directly related to steel production, is the important consideration of the build-up of heavy industry in Germany, which could later again become a threat to the peace of the world. I cite this single example to illustrate the complications which are involved in these negotiations.

Germany

The Allied Control Council in Berlin presented a detailed report of the many problems concerned with the political, military, economic, and financial situation under the present military government of Germany. In connection with these matters, the Ministers considered the form and scope of the provisional political organization for Germany and the procedure to be followed in the preparation of the German peace treaty.

The German negotiations involved not only the security of Europe and the world but the prosperity of all of Europe. While our mission was to consider the terms of a treaty to operate over a long term of years, we were faced with immediate issues which vitally concerned the impoverished and suffering people of Europe who are crying for help, for coal, for food, and for most of the necessities of life, and the majority of whom are bitterly disposed towards the Germany that brought about this disastrous situation. The issues also vitally concern the people of Britain and the United States who cannot continue to pour out hundreds of millions of dollars for Germany because current measures were not being taken to terminate expeditiously the necessity for such appropriations.

The critical and fundamental German problems to which I shall confine myself are: (a) the limits to the powers of the central government; (b) the character of the economic system and its relation to all of Europe; (c) the character and extent of reparations; (d) the boundaries for the German state; and (e) the manner in which all Allied states at war with Germany are represented in the drafting and confirmation of the treaty.

All the members of the Council of Foreign Ministers are in apparent agreement as to the establishment of a German state on a self-supporting, democratic basis, with limitations imposed to prevent the reestablishment of military power.

Central Government

This issue of the degree of centralization of the future German state is of greatest importance. Excessive concentration of power is peculiarly dangerous in a country like Germany which has no strong traditions regarding the rights of the individual and the rights of the community to control the exercise of governmental power. The Soviet Union appears to favor a strong central government. The United States and United Kingdom are opposed to such a government, because they think it could be too readily converted to the domination of a regime similar to the Nazis. They favor a central government of carefully limited powers, all other powers being reserved to the states, or *Länder* as they are called in Germany. The French are willing to agree only to very limited responsibilities for the central government. They fear a repetition of the seizure of power over the whole of Germany carried out by the Hitler regime in 1933.

Under ordinary circumstances there are always strong and differing points of view regarding the character of a governmental reorganization. In this case there are great and justifiable fears regarding the resurrection of German military power, and concern over expressed or concealed desires for quite other reasons.

German Economy

Regarding the character of the German economic system and its relation to all of Europe, the disagreements are even more serious and difficult of adjustment. German economy at the present time is crippled by the fact that there is no unity of action, and the rehabilitation of Germany to the point where she is self-supporting demands immediate decision.

There is a declared agreement in the desire for economic unity in Germany, but when it comes to the actual terms to regulate such unity there are wide and critical differences. One of the most serious difficulties encountered in the effort to secure economic unity has been the fact that the Soviet-occupied zone has operated practically without regard to the other zones and has made few if any reports of what has been occurring in that zone. There has been little or no disposition to proceed on a basis of reciprocity, and there has been a refusal to disclose the availability of foodstuffs and the degree or character of reparations taken out of this zone.

This unwillingness of the Soviet authorities to cooperate in establishing a balanced economy for Germany as agreed upon at Potsdam has been the most serious check on the development of a self-supporting Germany and a Germany capable of providing coal and other necessities for the neighboring states who have always been dependent on Germany for these items. After long and futile efforts to secure a working accord in this matter, the British and American zones were combined for the improvement of the economic situation, meaning the free movement of excess supplies or produce available in one zone to another where there is a shortage. Our continuing invitation to the French and Soviets to join in the arrangement still exists. This merger is bitterly attacked by the Soviet authorities as a breach of the Potsdam Agreement and as a first step toward the dismemberment of Germany, ignoring the plain fact that their refusal to carry out that agreement was the sole cause of the merger. It is difficult to regard their attacks as anything but propaganda designed to divert attention from the Soviet failure to implement the economic unity agreed at Potsdam. Certainly some progress towards economic unity in Germany is better than none.

The character of the control over the Ruhr industrial center, the greatest concentration of coal and of heavy industries in Europe, continues a matter of debate. It cannot be decided merely for the purpose of reaching an agreement. Vitaly important considerations and future consequences are involved.

Reparations

The question of reparations is of critical importance as it affects almost every other question under discussion. This issue naturally makes a tremendous appeal to the people of the Allied states who suffered the terrors of German military occupation and the destruction of their cities and villages.

The results of the Versailles Treaty of 1919 regarding payment of reparations on a basis of dollars, and the difficulties encountered by the Reparations Commission appointed after Yalta in agreeing upon the dollar evaluation of reparations in kind convinced President Truman and his advisers considering the question at Potsdam that some other basis for determining reparations should be adopted if endless friction and bitter-

ness were to be avoided in future years. They succeeded in getting agreement to the principle of reparations to be rendered out of capital assets—that is, the transfer of German plants, machinery, et cetera, to the Allied powers concerned.

It developed at the Moscow Conference that the Soviet officials flatly disagreed with President Truman's and Mr. Byrnes' understanding of the written terms of this agreement. The British have much the same view of this matter as the United States.

We believe that no reparations from current production were contemplated by the Potsdam Agreement. The Soviets strongly oppose this view. They hold that the previous discussions and agreements at Yalta authorize the taking of billions of dollars in reparations out of current production. This would mean that a substantial portion of the daily production of German factories would be levied on for reparation payments, which in turn would mean that the recovery of Germany sufficiently to be self-supporting would be long delayed. It would also mean that the plan and the hope of our Government, that Germany's economic recovery by the end of three years would permit the termination of American appropriations for the support of the German inhabitants of our zone, could not be realized.

The issue is one of great complications, for which agreement must be found in order to administer Germany as an economic whole as the four powers claim that they wish to do.

There is, however, general agreement among the Allies that the matter of the factories and equipment to be removed from Germany as reparations should be reexamined. They recognize the fact that a too drastic reduction in Germany's industrial set-up will not only make it difficult for Germany to become self-supporting but will retard the economic recovery of Europe. The United States has indicated that it would be willing to study the possibility of a limited amount of reparations from current production to compensate for plants, previously scheduled to be removed as reparations to various Allied countries, which it now appears should be left in Germany; it being understood that deliveries from current production are not to increase the financial burden of the occupying powers or to retard the repayment to them of the advances they have made to keep the German economy from collaps-

ing. The Soviet Government has made no response to this suggestion.

Boundaries

The issue regarding boundaries to be established for Germany presents a serious disagreement and another example of complete disagreement as to the meaning of the pronouncement on this subject by the heads of the three powers. In the rapid advance of the Soviet armies in the final phase of the war, millions of Germans in eastern Germany fled to the west of the Oder River. The Soviet armies, prior to Potsdam, had placed Poles in charge of this area largely evacuated by the German population. That was the situation that confronted President Truman at Potsdam. Under the existing circumstances, the President accepted the situation for the time being with the agreed three-power statement, "The three heads of government reaffirm their opinion that the final delimitation of the western frontier of Poland should await the peace settlement."

The Soviet Foreign Minister now states that a final agreement on the frontier between Germany and Poland was reached at Potsdam, and the expression I have just quoted merely referred to the formal confirmation of the already agreed upon frontier at the peace settlement, thus leaving only technical delimitation to be considered.

The United States Government recognized the commitment made at Yalta to give fair compensation to Poland in the west for the territory east of the Curzon Line incorporated into the Soviet Union. But the perpetuation of the present temporary line between Germany and Poland would deprive Germany of territory which before the war provided more than a fifth of the foodstuffs on which the German population depended. It is clear that in any event Germany will be obliged to support, within much restricted boundaries, not only her pre-war population but a considerable number of Germans from eastern Europe. To a certain extent this situation is unavoidable, but we must not agree to its aggravation. We do not want Poland to be left with less resources than she had before the war. She is entitled to *more*, but it will not help Poland to give her frontiers which will probably create difficulties for her in the future. Wherever the frontiers are drawn, they should not constitute barriers to trade and commerce upon which the well-being of Europe is

dependent. We must look toward a future where a democratic Poland and a democratic Germany will be good neighbors.

Peace Treaty Procedure

There is disagreement regarding the manner in which the Allied powers at war with Germany are to participate in the drafting and confirmation of the German peace treaty. There are 51 states involved. Of these, in addition to the four principal Allied powers, 18 were directly engaged in the fighting, some of course to a much greater extent than others. It is the position of the United States that all Allied states at war with Germany should be given an opportunity to participate to some degree in the drafting and in the making of the peace treaty, but we recognize that there would be very practical difficulties if not impossibilities in attempting to draft a treaty with 51 nations participating equally at all stages. Therefore, the United States Government has endeavored to secure agreement on a method which involves two different procedures, depending on whether or not the state concerned actually participated in the fighting. But all would have an opportunity to present their views, and rebut other views, and all would sit in the peace conference to adopt a treaty.

It is difficult to get the agreement of the countries that have suffered the horrors of German occupation and were involved in heavy losses in hard fighting to accept participation in the determination of the treaty terms by countries who suffered no losses in men or material and were remote from the fighting. The United States, however, regards it as imperative that all the states who were at war with Germany should have some voice in the settlement imposed on Germany.

Four Power Pact

The proposal for the Four Power Pact was advanced by the United States Government a year ago. It was our hope that the prompt acceptance of this simple pact ensuring in advance of the detailed German peace settlement that the United States would actively cooperate to prevent the rearmament of Germany would eliminate fears as to the future and would facilitate the making of a peace suitable to Europe's present and future needs. It was our hope that such a commitment by the United States would relieve the fear of the

other European powers that the United States would repeat its actions following the first World War, insisting on various terms for the peace settlement and then withdrawing from a position of any responsibility for their enforcement. It was thought that the compact of the four powers to guarantee the continued demilitarization of Germany would reassure the world that we were in complete accord in our intention to secure the peace of Europe.

However, the Soviet Government met our proposition with a series of amendments which would have completely changed the character of the pact, making it in effect a complicated peace treaty, and including in the amendments most of the points regarding the German problem concerning which there was, as I have pointed out, serious disagreement. I was forced to the conclusion by this procedure that the Soviet Government either did not desire such a pact or was following a course calculated to delay any immediate prospect of its adoption. Whether or not an agreement can finally be reached remains to be seen, but the United States, I think, should adhere to its present position and insist that the pact be kept simple and confined to its one basic purpose—to keep Germany incapable of waging war.

Austrian Treaty

The negotiations regarding the Austrian treaty resulted in agreement on all but a few points, but these were basic and of fundamental importance. The Soviet Union favors and the other governments oppose the payment of reparations and the cession of Carinthia to Yugoslavia.

But the Soviet Government attached much more importance to its demand that the German assets in Austria which are to be hers by the terms of the Potsdam Agreement should include those assets which the other three powers consider to have been taken from Austria and the citizens of the United Nations by force or duress by Hitler and his Nazi government following the taking over of Austria by military force in March 1938. The Soviet Government refused to consider the word *duress*, which in the opinion of the other three powers would be the critical basis for determining what property, that is, business, factories, land, forests, et cetera, was truly German property and not the result of seizures by terroristic procedure, intimidation, fake business acquisition, and so forth. The

Soviet Union also refused to consider any process of mediation to settle the disputes that are bound to arise in such circumstances, nor would they clearly agree to have such property as they receive as German assets subject to Austrian law in the same manner as other foreign investments are subject to Austrian law.

The acceptance of the Soviet position would mean that such a large portion of Austrian economy would be removed from her legal control that Austrian chances of surviving as an independent self-supporting state would be dubious. She would in effect be but a puppet state.

All efforts to find a compromise solution were unavailing. The United States, in my opinion, could not commit itself to a treaty which involved such manifest injustices and, what is equally important, would create an Austria so weak and helpless as to be the source of great danger in the future. In the final session of the Conference, it was agreed to appoint a Commission to meet in Vienna May 12th to reconsider our disagreements and to have a Committee of Experts examine into the question of the German assets in Austria. Certainly prompt action on the Austrian treaty is necessary to fulfil our commitment to recognize Austria as a free and independent state and to relieve her from the burdens of occupation.

Summary

Complicated as these issues are, there runs through them a pattern as to the character and control of central Europe to be established. The Foreign Ministers agreed that their task was to lay the foundations of a central government for Germany, to bring about the economic unity of Germany essential for its own existence as well as for European recovery, to establish workable boundaries, and to set up a guaranteed control through a four-power treaty. Austria was to be promptly relieved of occupation burdens and treated as a liberated and independent country.

Agreement was made impossible at Moscow because, in our view, the Soviet Union insisted upon proposals which would have established in Germany a centralized government, adapted to the seizure of absolute control of a country which would be doomed economically through inadequate area and excessive population, and would be mortgaged to turn over a large part of its production

as reparations, principally to the Soviet Union. In another form the same mortgage upon Austria was claimed by the Soviet Delegation.

Such a plan, in the opinion of the United States Delegation, not only involved indefinite American subsidy, but could result only in a deteriorating economic life in Germany and Europe and the inevitable emergence of dictatorship and strife.

Freedom of information for which our Government stands inevitably involves appeals to public opinion. But at Moscow propaganda appeals to passion and prejudice appeared to take the place of appeals to reason and understanding. Charges were made by the Soviet Delegation and interpretation given the Potsdam and other agreements, which varied completely from the facts as understood or as factually known by the American Delegation.

There was naturally much uncertainty regarding the real intention or motives of the various proposals submitted or of the objections taken to the proposals. This is inevitable in any international negotiation.

However, despite the disagreements referred to and the difficulties encountered, possibly greater progress towards final settlement was made than is realized.

The critical differences were for the first time brought into the light and now stand clearly defined so that future negotiations can start with a knowledge of exactly what the issues are that must be settled. The Deputies now understand the precise views of each government on the various issues discussed. With that they can possibly resolve some differences and surely can further clarify the problems by a studied presentation of the state of agreement and disagreement. That is the best that can be hoped for in the next few months. It marks some progress, however painfully slow. These issues are matters of vast importance to the lives of the people of Europe and to the future course of world history. We must not compromise on great principles in order to achieve agreement for agreement's sake. Also, we must sincerely try to understand the point of view of those with whom we differ.

In this connection, I think it proper to refer to a portion of a statement made to me by Generalissimo Stalin. He said with reference to the Conference, that these were only the first skir-

mishes and brushes of reconnaissance forces on this question. Differences had occurred in the past on other questions, and as a rule, after people had exhausted themselves in dispute, they then recognized the necessity of compromise. It was possible that no great success would be achieved at this session, but he thought that compromises were possible on all the main questions, including demilitarization, political structure of Germany, reparations and economic unity. It was necessary to have patience and not become pessimistic.

I sincerely hope that the Generalissimo is correct in the view he expressed and that it implies a greater spirit of cooperation by the Soviet Delegation in future conferences. But we cannot ignore the factor of time involved here. The recovery of Europe has been far slower than had been expected. Disintegrating forces are becoming evident. The patient is sinking while the doctors deliberate. So I believe that action cannot await compromise through exhaustion. New issues arise daily. Whatever action is possible to meet these pressing problems must be taken without delay.

Finally, I should comment on one aspect of the matter which is of transcendent importance to all our people. While I did not have the benefit, as did Mr. Byrnes, of the presence of the two leading members of the Senate Foreign Relations Committee, I did have the invaluable assistance of Mr. Dulles, a distinguished representative of the Republican party as well as a recognized specialist in foreign relations and in the processes of international negotiations and treaty-making. As a matter of fact, the bipartisan character of the American attitude in the present conduct of foreign affairs was clearly indicated by the strong and successful leadership displayed in the Senate during the period of this Conference by Senators Vandenberg and Connally in the debate over a development of our foreign policy of momentous importance to the American people. The fact that there was such evident unity of purpose in Washington was of incalculable assistance to me in Moscow. The state of the world today and the position of the United States make mandatory, in my opinion, a unity of action on the part of the American people. It is for that reason that I have gone into such lengthy detail in reporting my views on the conference.

Proposals for Amendment of FAO Constitution

PROPOSAL BY THE GOVERNMENT OF THE UNITED STATES

Acting Secretary Acheson to the Director General,
FAO

WASHINGTON, D. C.

April 23, 1946

SIR: I have the honor to enclose the text of a proposed amendment to Articles V and VII of the Constitution of the Food and Agriculture Organization, together with an explanatory memorandum.

I should like to request that this proposal be placed upon the Agenda of the forthcoming session of the Conference of the Food and Agriculture Organization, in accordance with Rule XXIII, paragraph 2, of the Rules of Procedure of the Organization.

Very truly yours,

DEAN ACHESON

Acting Secretary

The Director General of the
FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS

Text of Amendment

1. It is proposed that Article V be amended to read as follows:

Article V—(The Council)

1. The Conference shall elect a Council of the Food and Agriculture Organization consisting of representatives of eighteen Member nations of the Organization. The tenure and other conditions of office of the members of the Council shall be subject to rules to be made by the Conference.

2. The Conference may delegate to the Council such powers as it may determine, with the exception of powers set forth in paragraph 2 of Article II, Article IV, paragraph 1 of Article VII, Article XIII and Article XX of this Constitution.

3. The Council shall appoint its Chairman and other officers and, subject to any decisions of the Conference, shall adopt its own rules of procedure.

2. It is proposed that Article VII, paragraphs 2 and 3, be amended to read as follows:

Article VII—(The Director-General)

2. Subject to the general supervision of the Conference and the Council, the Director-General shall have full power and authority to direct the work of the Organization.

3. The Director-General or a representative designated by him shall participate, without the right to vote, in all meetings of the Conference and of the Council and shall formulate for consideration by the Conference and the Council proposals for appropriate action in regard to matters coming before them.

The United States Government proposal to amend Article V of the FAO Constitution and to make the necessary consequential amendment in Article VII would result in transforming the Executive Committee of FAO from a body composed of persons selected in an individual capacity to a body known as the *Council of the Food and Agriculture Organization—(FAO)*, composed of representatives of Member governments. The proposal is in general accord with the recommendations of the FAO Preparatory Commission on World Food Proposals, particularly as set out in Chapter 7 of that Report. It is made because of the sincere conviction of this Government that such a step would greatly strengthen the FAO and would enable it to discharge more effectively its obligations.

I. Organization and Functions of the Council of FAO

It is proposed that the Council of FAO be composed of representatives of eighteen Member nations of FAO. Details concerning the Council's organization, meetings, terms of office, provision for the attendance of observers, and similar matters should be governed by rules to be made by the Conference, along lines indicated in Paragraphs 251-256 of the Preparatory Commission Report. The Director-General should be entitled to attend all sessions of the Council, without vote. He would also be requested to supply the necessary secretarial assistance to the Council, both during

and between sessions, from the Organization's staff. It is the view of this Government that the Council should be an integral part of the Organization, and should not be permitted to become a separate entity within the FAO. This was the clear intention of the Commission as this Government understood it at the time. This Government pointed out informally to the Secretariat that Paragraph 256.2 of the Report appears to be inaccurately drafted on this point.

It is proposed that the Council exercise such powers and perform such functions as the Conference may delegate to it. These would include the present functions of the Executive Committee which are concerned with the entire program of FAO in the field of food and agricultural policy. This Government is studying the various alternatives for continuing the functions of Financial Control now exercised by the Executive Committee, and will include recommendations on this matter in proposed draft amendments to the Financial Regulations.

This Government considers that the recommendation of the FAO Preparatory Commission for an annual intergovernmental review and consultation on national agricultural and nutrition programs is an important one and should be adopted by the Conference. One of the major tasks of the Council would then be to assist the Director-General to prepare the report and agenda for the annual consultations. To do this, the Council would need to review and where appropriate make recommendations concerning technical developments in agriculture, nutrition, forestry, and fisheries; national and international programs and policies in food and agriculture; international trade problems affecting food and agriculture, including agricultural commodity problems; general economic development especially in relation to agricultural and nutrition policies; and methods by which the Organization may carry out its obligations in these fields.

It is proposed that the functions of the Director-General remain as they now are except that his responsibilities will undoubtedly increase because of the enlarged activities which the Council may develop.

The United States Government will submit to the Conference draft amendments to the Rules of Procedure and Financial Regulations, which will embody the above suggestions.

II. The Name

The United States Government attaches considerable importance to the name *Council of the Food and Agriculture Organization*—(FAO) for two major reasons:

1. It is desired to emphasize by the name, as well as by any rules adopted, that the Council is an integral part of FAO. It is the view of this Government that the Council should be regarded as an extension of the Conference and responsible to it. Any name which indicates or implies an independent status from FAO would not be favorably viewed by this Government.

2. Use of this name will emphasize that the Council will be concerned with consideration of all problems and questions within the scope of FAO—i.e. non-food agricultural products, forests and forest products, and fisheries, as well as food products.

III. Reasons for Proposed Recommendations

The United States Government recommends that the Executive Committee be reconstituted as a Council of 18 Member governments for the following reasons:

1. As recommendations of international organizations depend on Member governments for their implementation, such recommendations should express not only desirable goals but goals practically attainable. Experience in many fields has demonstrated that governments are most likely to implement by national action those international recommendations which they themselves, or a representative body composed of governments, have had a hand in shaping. This is a major reason why the United States Government favors the establishment of a Council of government representatives.

2. While all Member governments participate annually in the formulation of recommendations which constitute FAO policy, events and conditions change and require constant survey, review and possible further recommendation. A body exercising powers delegated by the Conference, and acting on its behalf, should reflect as closely as possible the Conference itself. Rules to be made by the Conference can provide for the selection of members of the Council in such a way that they will reflect in balanced fashion the interests of all the Members of the Conference.

3. The proposed Council of FAO should be attended regularly by representatives of all Member

governments elected to serve upon it. It has been demonstrated that, for unavoidable and often unexpected reasons, individuals selected to serve in their personal capacity on the Executive Committee have been unable to attend meetings regularly. Under a system of personal selection, there cannot consistently be a provision for selection of a successor in case of sudden vacancy. On the other hand, a Member nation elected to the Council could always insure the attendance of a representative at meetings of the Council.

4. It is felt that experts serving in an individual capacity on a body such as the Executive Committee, which has policy functions of a non-technical

character, are placed in an anomalous situation. They often must consider their government's official views on important policy matters, yet they have neither official responsibility to their governments, nor the benefit of official instructions from their governments. It is felt that the proposed change will help to remedy this situation.

This Government considers that there remains a large and important role to be played in the FAO by experts, selected in their individual capacity to advise the Organization on technical questions, including finance and administration, and it will welcome the continued cooperation by such experts in the work of FAO.

PROPOSAL BY THE GOVERNMENT OF THE UNITED KINGDOM

BRITISH EMBASSY

Washington, 24 April, 1947.

SIR: I have the honour to give notice that His Majesty's Government in the United Kingdom intend to propose the following amendments to the Constitution of the Food and Agriculture Organization at the Conference at Geneva in August, 1947:

Article V

Delete existing paragraphs 1 and 2.

Substitute the following new paragraphs 1 and 2:

1. There shall be an Executive Committee consisting of one representative each of not less than nine or more than fifteen member nations of the Organization. The member nations to be represented in Executive Committee shall be elected by

the Conference. In making elections, the Conference shall have regard to the desirability that membership should reflect as varied as possible a range of economies in relation to food and agriculture.

2. The tenure and other conditions of office of members of the Executive Committee shall be subject to the rules to be made by the Conference.

Delete paragraph 4.

Renumber existing paragraph 5 as paragraph 4.

I have the honour [etc.]

J. H. MAGOWAN

(For the Ambassador)

SIR JOHN BOYD ORR, D.S.O., M.C., F.R.S.

Director-General

*Food and Agriculture Organization
of the United Nations
Washington, D.C.*

PROPOSAL BY THE GOVERNMENT OF AUSTRALIA

AUSTRALIAN EMBASSY

Washington, 18th April, 1947.

DEAR DIRECTOR-GENERAL,

Third Session of FAO Conference

I refer to your telegram to the Department of External Affairs, Canberra advising that the Third Session of the Conference is to be held at Geneva, commencing 25th August, 1947 and requesting that any proposed amendments of the Constitution be submitted no later than 26th April, 1947.

I am directed to advise in accordance with Rule

May 11, 1947

of Procedure No. 23 the Commonwealth Government wishes to have placed on the agenda for the Third Session of the conference a proposal for the amendment of Article V of the Constitution.

The following will be suggested by the Commonwealth Government to replace Article V as it now stands:

(1) The Conference shall appoint an Executive Committee consisting of not less than 9 nor more than 15 member nations who may each appoint a person to represent it on the Committee. Each such representative shall be a person who is in the opinion of the member nation so appointing

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him qualified by administrative experience or other special qualifications to contribute to the attainment of the purposes of the Organization. Each nation member of the Executive Committee may if it considers necessary appoint an alternate to its representative on the Executive Committee.

(2) The representative or alternate appointed by the nation member of the Executive Committee may be selected from persons other than those who

are representing that nation at a meeting of the Conference.

Yours sincerely,

D. J. MUNRO
Second Secretary

DIRECTOR-GENERAL

FOOD AND AGRICULTURE ORGANIZATION
2000 Massachusetts Avenue NW.
Washington, D.C.

PROPOSAL BY THE EXECUTIVE COMMITTEE OF THE ORGANIZATION

We have examined the question whether any constitutional amendments are necessary to give effect to these proposals. In our opinion they are not. The functions which are to be allotted to the Commodity Commission of the World Food Council are advisory and are comprehended in Article I.2.f. of the Constitution. The power to establish it seems to be vested in the Conference by Article VI. However, in case any doubt should exist in the minds of others on the point and some changes in the Constitution should be considered necessary, we would suggest the following:

A. New Paragraph to be inserted in Article IV: "Function of the Conference" to provide for the World Food Council, as follows:

The Conference shall sit as the World Food Council to consider reports submitted by Members including analyses thereof prepared by the Director-General in conformity with Article XI.

B. New Article to be inserted between Articles V and VI:

THE COMMODITY COMMISSION OF THE WORLD FOOD COUNCIL

1. The Conference shall appoint a Commodity Commission of the World Food Council consisting of representatives of eighteen Member nations. The mode of election, tenure and other conditions of office of the Members of this Committee shall be subject to rules to be made by the Conference.

2. The functions of the Commodity Commission of the World Food Council shall be:

to examine current developments in proposed and existing intergovernmental agricultural commodity arrangements, particularly those developments affecting adequacy of food supply, utilization of food reserves and famine relief,

changes in production on pricing policies, and special food programs for undernourished groups;

to promote consistency and coordination of agricultural commodity policies, national and international, with regard to (a) over-all FAO objectives, (b) the interrelationship of production, distribution, and consumption, and (c) interrelationships of agricultural commodities;

in consultation with the Director-General, to initiate and authorize groups to study and investigate agricultural commodity situations which are becoming critical, and to propose appropriate action, if necessary, in accordance with Article I.2.f.;

to draw the attention of the Director-General and the Executive Committee to the appropriate assistance which FAO might render to individual governments in relation to the above terms of reference;

and to consider any other matters within its terms of reference which may be submitted to it by the Executive Committee or the Director-General.

3. The Commodity Commission shall meet as provided for in rules to be made by the Conference. The Director-General shall transmit its reports to Member nations and to the Executive Committee.

4. The Chairman of the Commodity Commission shall be appointed in accordance with rules to be made by the Conference.

C. Revision of other articles (new insertions are italicized):

Article VII, para. 3 to read as follows:

3. The Director-General or a representative des-

igned by him shall participate, without the right to vote, in all meetings of the Conference, of its Executive Committee, and of the *Commodity Commission of the World Food Council* and shall formulate for consideration by the Conference, the Executive Committee, and the *Commodity Commission of the World Food Council* proposals for appropriate action in regard to matters coming before them.

Current United Nations Documents: A Selected Bibliography

There will be listed periodically in the *BULLETIN* a selection of United Nations documents which may be of interest to readers.

Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York City. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

Economic and Social Council

Terms of Reference for the Economic Commission for Europe. Resolution Adopted by Economic and Social Council on 28 March 1947. E/402, Apr. 9, 1947. 4 pp. mimeo.

Terms of Reference for the Economic Commission for Europe. E/CN.10/1, Apr. 3, 1947. 4 pp. mimeo. Also, E/CN.10/1/Corr. 1, Apr. 15, 1947. 1 p. mimeo.

Committee on the Economic Commission for Europe. Draft Terms of Reference for the Economic Commission for Europe. E/363/Rev. 1, Mar. 20, 1947. 5 pp. mimeo.

Annex A. Draft Terms of Reference for the Economic Commission for Europe. (Resulting From Informal Discussions Among Representatives of France, the United States, the United Kingdom, and the Union of Soviet Socialist Republics.) E/AC.17/3/Add. 1, Mar. 25, 1947. 4 pp. mimeo.

Economic Commission for Europe. Note by the Secretary-General on the Provisional Agenda of the First Session. E/CN.10/6, Apr. 9, 1947. 3 pp. mimeo.

Economic Commission for Asia and the Far East. Resolutions Adopted by the Economic and Social Council on 28 March 1947. E/405, Apr. 5, 1947. 4 pp. mimeo.

Report of the Working Group for Asia and the Far East. Temporary Sub-commission on Economic Reconstruction of Devastated Areas. E/307/Rev. 1, Mar. 4, 1947. 42 pp. printed.

Resolution on Relief Needs After the Termination of UNRRA Adopted by the General Assembly, Paragraph 8 (a) and (b). Report by the Secretary-General. E/300, Mar. 3, 1947. 12 pp. mimeo.

Remarks Concerning the Tasks of the Fiscal Commission (Items No. 6 and No. 9 of the Draft Provisional Agenda of the First Session.) Note by the Secretariat. E/CN.8/6, Apr. 10, 1947. 15 pp. mimeo.

List of Members of Commissions of the Economic and Social Council. E/427, Apr. 17, 1947. 7 pp. mimeo.

Fourth Session: Draft Resolutions. E/382, Mar. 26, 1947. 5 pp. mimeo.

Calendar of Economic and Social Meetings in 1947. Note by the Secretary-General. E/280/Rev. 1, Apr. 22, 1947. 3 pp. mimeo.

Foreign Exchange Problems of the Devastated Countries of the United Nations. Resolution adopted by Economic and Social Council on 28 March 1947. E/434, Apr. 29, 1947. 2 pp. mimeo.

Temporary Sub-commission on Economic Reconstruction of Devastated Areas. Working Group for Asia and the Far East. Check List and Index of Documents. Prepared by the Documents Index Unit. E/CN.1/Sub.1/C.2/4, Apr. 25, 1947. 16 pp. mimeo.

General Assembly

Question of Palestine. Text of Mandate (Note by the Secretary-General). A/202, Apr. 18, 1947. 13 pp. mimeo.

Question of Palestine. Working Documentation Prepared by the Secretariat. Volume I. Reference Library on Palestine. A/296, Apr. 28, 1947. 58 pp. mimeo.

League of Nations Committee. Check List of Documents of the League of Nations Committee, the Committee on League of Nations Assets, and the Negotiating Committee on League of Nations Assets, First Session of the General Assembly, 1946. Prepared by the Documents Index Unit. A/LN/4, Apr. 26, 1947. 6 pp. mimeo.

The Journal of the First Special Session of the General Assembly of the United Nations, No. 1, was dated April 25, 1947. The Journal will be published in the working languages, English and French, each morning from Monday to Saturday inclusive. It will consist of the program of meetings, agendas of General Assembly Meetings, a list of General Assembly documents distributed and notices of interest to Delegates and the Secretariat. Verbatim reports of the plenary meetings and of any committee meetings will be issued separately in mimeographed form, to be printed later as part of the Official Records of the General Assembly.

Security Council

Letter from the Permanent Representative of Greece to the United Nations Addressed to the Secretary-General Dated 24 April 1947. S/334, Apr. 25, 1947. 2 pp. mimeo.

(Continued on page 947)

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings¹

In Session as of May 4, 1947		1946
Far Eastern Commission	Washington	Feb. 26
United Nations:		
Security Council	Lake Success	Mar. 25
Military Staff Committee	Lake Success	Mar. 25
Commission on Atomic Energy	Lake Success	June 14
		1947
Commission on Conventional Armaments	Lake Success	Mar. 24
Meeting of Experts on Passport and Frontier Formalities	Geneva	Apr. 14
General Assembly: Special Session	Flushing Meadows	Apr. 28
Economic Commission for Europe: First Session	Geneva	May 2
German External Property Negotiations (Safehaven):		1946
With Portugal	Lisbon	Sept. 3
With Spain	Madrid	Nov. 12
Inter-Allied Trade Board for Japan	Washington	Oct. 24
		1947
International Conference on Trade and Employment: Second Meeting of Preparatory Committee.	Geneva	Apr. 10
ICAO (International Civil Aviation Organization):		
European-Mediterranean Special Air Traffic Control Meeting	Paris	Apr. 15
Air Transport Committee	Montreal	Apr. 28
Interim Council	Montreal	Apr. 29
Fifth International Hydrographic Conference	Monaco	Apr. 22
FAO (Food and Agriculture Organization): International Timber Conference.	Marianske-Lazne, Czechoslovakia.	Apr. 28-May 10
International Meeting of Marine Radio Aids to Navigation	New York and New London.	Apr. 28-May 10
IRO (International Refugee Organization): Second Part of First Session of Preparatory Commission.	Lausanne	May 1
Scheduled for May-July 1947		
ICAO (International Civil Aviation Organization):		
First Meeting of General Assembly	Montreal	May 6
South American Regional Air Navigation Meeting	Lima	June 17
South Atlantic Regional Air Navigation Meeting	Rio de Janeiro	July 15
ILO (International Labor Organization):		
Industrial Committee on Inland Transport	Geneva	May 7
102d Session of Governing Body	Geneva	June 13-17
30th Session of International Labor Conference	Geneva	June 19
Permanent Agriculture Committee	Geneva	July

¹ Prepared in the Division of International Conferences, Department of State.

Calendar of meetings—Continued

		1947
Congress of the Universal Postal Union	Paris	May 7
Central Rhine Commission	Strasbourg	May 7-8
International Technical Committee of Aerial Legal Experts: 16th Session.	Montreal	May 10
Council of Foreign Ministers: Special Committee of Experts	Vienna	May 12
German External Property Negotiations with Turkey (Safehaven) . . .	Ankara	May 12 ²
United Nations:		
Committee on Progressive Development and Codification of International Law.	Lake Success	May 12 ²
Economic Commission for Europe:		
Transport Session	Geneva	May 15 ²
Second Session	Geneva	June 23 ²
Economic Commission for Asia and the Far East:		
First Session	Shanghai	June 5 ²
Committee of the Whole	Lake Success	June 23 ²
Preparatory Conference of Experts on Telecommunications	Lake Success	June 16 ²
ECOSOC (Economic and Social Council):		
Fiscal Commission	Lake Success	May 19 ²
Subcommission on Freedom of Information and of the Press . . .	Lake Success	May 19 ²
Subcommission on Statistical Sampling	Lake Success	June 2 ²
Economic and Employment Commission	Lake Success	June 2 ²
Human Rights Drafting Committee	Lake Success	June 9 ²
Fifth Session	Lake Success	July 19
FAO (Food and Agriculture Organization):		
Rice Study Group	Trivandrum, Travancore, India.	May 15
Executive Committee	Washington	June 2
Panel on Soil Erosion Control	Washington	June or July
International Radio Conference	Atlantic City	May 15
PMCC (Provisional Maritime Consultative Council)	Paris	May 16
IEFC (International Emergency Food Council): Fourth Meeting . . .	Washington	May 26-27
Eleventh International Congress of Military Medicine and Pharmacy .	Basel	June 2-7
ECITO (European Central Inland Transport Organization): Seventh Session of the Council (Second Part).	Paris	June 3
International Cotton Advisory Committee	Washington	June 9
Caribbean Commission: Fourth Meeting	Jamaica	June 23-30
IARA (Inter-Allied Reparation Agency): Meeting on Conflicting Custodial Claims.	Brussels	June
UNRRA Council: Seventh Session	Washington	June
International Telecommunications Plenipotentiary Conference	Atlantic City	July 1
International Council of Scientific Unions: Executive Committee . . .	Paris	July 1-2
International Rubber Study Group	Paris	July 1
Fourth International Congress of Administrative Sciences	Bern	July 20-27
UNESCO Executive Board	Paris	July

² Tentative.

Geneva Meeting of the U.N. Preparatory Committee for the International Conference on Trade and Employment

REPORT FROM GENEVA TO THE OFFICE OF PUBLIC AFFAIRS, DEPARTMENT OF STATE

GENEVA, *April 25, 1947*.—During the second week of the Second Session of the Preparatory Committee for the U. N. Conference on Trade and Employment, delegates from the 17 countries represented¹ were hard at work preparing for the opening of trade negotiations on April 23. The Conference is proceeding in an atmosphere of quiet seriousness; everyone present recognizes both the difficulties to be faced and the necessity for resolving them.

Significance of Geneva Meeting

The arrival from Washington of William L. Clayton, Under Secretary of State for Economic Affairs and Chairman of the United States Delegation, highlighted the beginning of the second week. Speaking to the press, Mr. Clayton emphasized the dual aims of the Conference—to eliminate discriminations and reduce barriers to international trade, and to work out the charter for an International Trade Organization. This charter, after submission to countries of the world and their peoples, will be considered at a world conference on trade and employment to be called later by the United Nations.

"Obviously", Mr. Clayton said in speaking of the Conference aims, "this is a herculean task full of difficulties. In fact, so far as we are concerned in the United States, the road up to this point hasn't been too easy a one, but we are very happy to have come along that road and finally got here with, I think, the support of the American people.

"The reciprocal trade agreements program has been in effect now since 1934. It has proven its value and its worth, and I think the American people are firmly behind it and will support what we are able to do here to achieve the objectives of which I have spoken."

¹ The countries represented at the meeting include Australia, Belgium-Luxembourg, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, the Netherlands, New Zealand, Norway, the Union of South Africa, the United Kingdom, and the United States.

Problem of Free Trade

At this session, Mr. Clayton was asked his views on free trade. He pointed out that at this time neither the United States nor other countries are prepared for free trade.

"What I favor is freer trade than we now have", he said. "I favor it because it will enable a greater expansion in the interchange of goods and services between peoples of the world which, I think, and I think all economists agree, would inevitably result in a rising standard of living in the world." This "is extremely important, so that people everywhere will have a little more to eat and a little more to wear and better homes in which to live. And we believe that also has a great deal to do with the peace of the world."

Mr. Clayton pointed out that under the United States constitution the imposition of tariff barriers between the 48 States is prohibited so that there is free interchangeability of goods and services between those 48 States. "I believe that you would all agree that if we had started out on a different system and the constitution had permitted the imposition of barriers to interstate trade, we should never have reached the high degree of development and the high standard of living that we now enjoy. We would have instead a lopsided, inefficient, uneconomic development and a relatively low standard of living."

U.S. Balance of Trade

One question troubling various people at the Conference has been the fact that many countries do not have an adequate supply of American dollars to purchase American goods. In 1946, it is pointed out, the United States exported a little over 10 billion dollars' worth of goods and imported only about one half that amount. It is through American purchase of foreign goods—imports—that other countries earn dollars to buy from us and maintain our exports. Mr. Clayton pointed out the American hope that achieving a balance in our trade would come about through an

increase in our imports. "We would certainly not like to see it come about by a reduction in exports." He believes that the United States is now in a position to absorb considerably more imports than we are receiving today, not only with no harm to our economy but also with actual benefit.

Trade Restrictions

One legacy of war in the forefront of this Conference is the practice of most countries in the world to use not only tariffs to limit imports but also such other devices as quotas, exchange controls, and embargoes. Some countries used these protective methods even before the war. Others during the war period found such devices necessary to protect their limited supply of foreign exchange by stringently restricting both the volume and character of imports. The United States controls imports chiefly through the tariff.

What we are seeking to do here, said Mr. Clayton, is to recognize that use of these protective devices for guarding foreign-exchange balances was a war and immediate post-war problem and to discontinue that method of controlling imports and controlling international trade as quickly as possible.

Opening of Trade Negotiations

Reporting on the gratifying progress made in scheduling trade negotiations, Mr. Wyndham-White, who is executive secretary of the Preparatory Committee of the Conference on Trade and Employment, pointed out that out of 120 different trade negotiations possible between countries present, four fifths or 96 had already been scheduled. Twenty-four of these negotiations are scheduled to open in April, 48 during the first and 24 during the second half of May. "Opening of negotiations" means that offers are exchanged between negotiating teams of the two countries involved. Following the study of these offers, the teams proceed with actual negotiations.

U.S. Schedule for Negotiations

The schedule for the 15 negotiations in which the United States is involved includes opening of negotiations on April 23 with Australia, Canada, Czechoslovakia, and the United Kingdom; on April 24 with France; on April 28 with Chile, India, and South Africa; on April 30 with Brazil and New Zealand; on May 2 with Norway and Lebanon-Syria; on May 9 with China and Belgium-Netherlands-Luxembourg; and on May 12 with Cuba.

May 11, 1947

ITO Charter Discussions

Because of the involved and extensive character of the trade negotiations, the Preparatory Committee wished to get them under way before detailed discussion of the ITO charter was begun. Charter discussions are now scheduled to begin formally on May 15.

Election of Vice Chairmen of Preparatory Committee

Because of the heavy volume of conference work, the Preparatory Committee has elected five vice chairmen to assist Max Suetens of Belgium, who was elected at the opening meeting. Erik Colban of Norway is first vice chairman, and Sir Raghavan Pillai of India is second vice chairman. The others are Zdenek Augenthaler of Czechoslovakia, Sergio Clark of Cuba, and L. D. Wilgress of Canada.

Negotiations Proceeding

The trade discussions must naturally be carried on in secrecy between the governments concerned. Revealing offers requested or made of the United States would of course destroy our negotiating position and prejudice the success of the negotiations. However, the air is full of rumors and comments, most of them bearing little relation to fact. And meanwhile negotiations are proceeding.

U. S. INVITES SIXTY-TWO NATIONS TO INTERNATIONAL STATISTICAL INSTITUTE

[Released to the press April 28]

The Department of State has extended invitations to 62 governments to send official delegations to the 25th session of the International Statistical Institute. The Department has also invited the governments of 21 American nations to send delegates to the first session of the Inter-American Statistical Institute. These organizations will meet in Washington from September 6 to 18, 1947. The World Statistical Congress, which is being convened by the Economic and Social Council of the United Nations, is to be held during the same period in Washington.

For more than 60 years the International Statistical Institute has held biennial sessions at the invitation of various governments. Conforming to tradition, President Truman has accepted the honorary chairmanship of its twenty-fifth session.

In the past the Institute has been a vital force in the development of international statistics. However, with the establishment of a Statistical

ACTIVITIES AND DEVELOPMENTS

Commission by the Economic and Social Council of the United Nations, designed to effect a world statistical system, integrating related agencies and organizations, the International Statistical Institute is considering assuming the role of an international professional statistical society.

The first session of the Inter-American Statistical Institute, an organization which grew out of discussions at the Eighth American Scientific Congress in 1940, will also be held under the official sponsorship of the United States Government. This organization originally comprised members of the International Statistical Institute in the Western Hemisphere, but, as an instrument for the development of statistical science and administration throughout the Americas, it has gained the official membership of nearly all of the American governments.

The nations invited to this meeting are as follows: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

The countries invited to send delegates to the International Statistical Institute's twenty-fifth session include, besides the American nations listed above, the following: Afghanistan, Australia, Austria, Belgium, Burma, China, Czechoslovakia, Denmark, Egypt, Eire, Ethiopia, Finland, France, Greece, Hungary, Iceland, India, Iran, Iraq, Italy, Lebanon, Liberia, Luxembourg, the Netherlands, New Zealand, Norway, Republic of the Philippines, Poland, Portugal, Rumania, Siam, Saudi Arabia, Sweden, Switzerland, Syria, Turkey, Union of South Africa, U.S.S.R., the United Kingdom, Yemen, and Yugoslavia.

The World Statistical Congress is being held by the United Nations to discuss the statistical problems which a representative assembly of statisticians consider to be most worth while for study by the Statistical Commission and the Statistical Office of the United Nations. The interrelationships among the statistical activities of the United Nations, its specialized agencies—such as the International Labor Organization, the Food and Agriculture Organization, and the International Civil Aviation Organization—and the non-governmental organizations will also be discussed at the Congress.

The American Statistical Association will be the

host society. Willard L. Thorp, Assistant Secretary of State for economic affairs and president of the Association for 1947, is chairman of the committee which is planning the Association's participation in the Washington sessions.

Other organizations meeting at the time of the Congress will be the Econometric Society, an international organization concerned with the measurement of economic phenomena, and a group which is organizing an international income conference.

U.S. DELEGATION TO TWELFTH CONGRESS OF UNIVERSAL POSTAL UNION

[Released to the press May 2]

The Secretary of State announced on May 2 that the President has approved the composition of the United States Delegation to the Twelfth Congress of the Universal Postal Union which is scheduled to be held at Paris, beginning on May 7, 1947. The nominations were submitted by the Secretary of State, George C. Marshall, upon the recommendation of the Post Office Department. The United States Delegation is listed as follows:

Chairman

Frank Pace, Jr., Executive Assistant to the Postmaster General, Post Office Department

Vice Chairman

John J. Gillen, Acting Second Assistant Postmaster General, Post Office Department

Delegates

Frederick E. Batrus, Attorney, Office of the Solicitor, Post Office Department

Mary Ellen Crosby, Administrative Assistant to the Second Assistant Postmaster General, Post Office Department

Frank J. Delany, Solicitor, Post Office Department

Bernard F. Dickmann, Postmaster, St. Louis, Missouri

James J. Doran, Chief Post Office Inspector, Post Office Department

Franziska M. Jonas, Secretary, Post Office Department

Everett W. Leonard, Assistant Chief of Section, International Postal Transport, Post Office Department

Edward J. Mahoney, Director, Foreign Air Postal Transport, Post Office Department

Advisers

William O. Hall, Adviser, Division of International Organization Affairs, Department of State

Frances H. Lafferty, Divisional Assistant, Telecommunications Division, Department of State

Interpreter-Translator

Michael E. Robles, Translator, New York Post Office

The United States Government has been a member of the Universal Postal Union and has partici-

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parted in its activities since the establishment of the Union in 1874.

The Universal Postal Union, which was established to assure the organization and perfection of various international postal services, held its Eleventh Congress at Buenos Aires in 1939. The Twelfth Congress was originally scheduled to be held in 1944 but was postponed because of the war.

At its forthcoming meeting the Congress will consider propositions and proposed changes in the convention of the Union which have been submitted to the Bureau of the Union at Bern and have been circularized to countries which are members of the Union. It is expected that questions relating to membership in the Union, involving new members or adherences, will be discussed. A proposed agreement between the Universal Postal Union and the United Nations to regulate the relationship between these two bodies will also be considered.

INTERIM ASSEMBLY TO ORGANIZE RADIO TECHNICAL COMMITTEE FOR MARINE SERVICES

[Released to the press April 28]

The Department of State has invited certain Government agencies and shipping and other marine groups to serve on an interim "assembly" which will organize a Radio Technical Commission for Marine Services (RTCM) at a meeting to be held in Washington on May 12, 1947.

The RTCM will have the same relation to the maritime field that the present Radio Technical Commission for Aeronautics (RTCA) has to aviation. As a Government-industry group, it will study marine problems and make coordinated recommendations respecting radio devices and procedures to aid navigation and safety at sea.

Because of the immediate need for a functioning organization to meet demands imposed by the International Meeting on Marine Radio Aids to Navigation, opening at New York City on April 28, 1947, and the World Telecommunications Conference, convening at Atlantic City on May 15, 1947, a *pro tem.* RTCM Executive Committee has been serving preparatory to the formulative meeting which will elect officers, adopt a constitution and by-laws, and outline immediate problems.

The organizational assembly will be held on the eleventh floor of the War Manpower Building, 1778 Pennsylvania Avenue NW., starting at 10 a. m. Organizations which have not received in-

itations to participate and are interested in marine telecommunications are welcome to attend.

Developments have introduced problems in marine as well as other forms of radiocommunication. There is not sufficient radio-frequency space to accommodate the host of new marine radio navigation aids which perform the same function. In the interests of standardization, some choice must be made before ship operators can put them to use. This choice has international as well as national implications.

The United States undertook to study this situation when in May 1946 the United Kingdom invited the leading maritime nations to a preliminary discussion of the application of new radio aids to marine navigation. This meeting emphasized the need of a United States organization to coordinate and crystallize the thinking of the Government and private groups concerned.

Immediately upon the return of the United States Delegation from London, there was formed an *ad hoc* committee on which Rear Admiral Merlin O'Neill, United States Coast Guard, served as chairman. Meanwhile, the Department of State stimulated the formation of a representative organization which could give the subject wide technical study in order that the United States would have satisfactory data and make consolidated recommendations on which to base proposals for sound solution. Several open meetings, attended by representatives of both Government and industry, were held to lay the groundwork and draft a constitution and by-laws patterned to those of the RTCA.

The proposed RTCM constitution provides for a general membership known as the Assembly, composed of United States organizations which are active in phases of marine telecommunications, including shipping operations. It provides further for an executive committee, or administrative body, comprising delegates named by the participating Federal agencies and industry organizations.

The RTCM organizational agenda calls for three officers only—a chairman, a vice chairman, and a secretary. J. H. Dellinger of the National Bureau of Standards has been serving as temporary chairman, Commissioner Edward M. Webster of the Federal Communications Commission as vice chairman *pro tem.*, and Lt. Comdr. L. E. Brunner of the United States Coast Guard as secretary.

THE RECORD OF THE WEEK

President of Mexico Welcomed Upon Arrival in U.S.

GREETING BY PRESIDENT TRUMAN¹

MR. PRESIDENT, DISTINGUISHED GUESTS, AND FRIENDS:

It is an especial pleasure for me to greet you here in Washington, Mr. President, as the guest of the Government and people of the United States. It gives me the deepest personal satisfaction to do this, and in extending a welcome to Your Excellency I greet you not only as the President of the United Mexican States but as a man whom I have come to know and value as a personal friend.

The people of this country followed closely each of the many acts of genuine hospitality that were extended to me as their Chief of State during my visit to Mexico a few weeks ago. They interpret your many kindnesses to me, not only as an example of the whole-hearted Mexican hospitality that thousands of our visitors to your country have experienced but also as a symbol of the relationship

¹ Address of greeting delivered on Apr. 29, 1947, at the National Airport in Washington, upon the occasion of the arrival of Miguel Alemán, the President of Mexico.

A full report of the visit was broadcast throughout the world in 25 languages over the short-wave facilities of the Voice of the United States of America.

The International Broadcasting Division cooperated with the Columbia Broadcasting System and the National Broadcasting Company in elaborate arrangements for immediate broadcasts to Mexico of the President's visit and in the recordings of documentary programs on the high lights of his tour. These recordings were short-waved by the Voice of the United States of America throughout Latin America during the evening listening hours. News summaries of the President's visit were broadcast by short wave to other parts of the world at various times during his stay.

President Alemán's speech to a joint meeting of Congress on May 1 was broadcast immediately to Mexico and re-broadcast by short wave that evening to the other American republics. Ceremonies at the dinner of the Pan American Society of New York on the evening of May 2 were broadcast direct by short wave throughout Latin America.

between the friendly people of two neighboring countries.

The nations of this hemisphere are confronted today with problems of many kinds, some affecting the two American continents and serious in their import to the well-being and happiness of our Western World, and others that influence our actions as individual republics. We can all do much to raise the living standard of the hemisphere and of the world by increasing our production of food-stuffs and of raw materials needed by industry, and by improving the distribution of these products, in the spirit of our inter-American association.

We have, as a group of free nations, the moral strength, and moreover have the proved good-will of our several countries, to find equitable and peaceful solutions to differences of any nature that arise among us who live in the New World. One can find no better testimony of this than the manner in which the peoples of Mexico and the United States are living side by side today.

The people of every State of the Union have asked, by means of letters and telegrams to me, to their Congressmen, to civic organizations, and to the press, that this Government endeavor to the best of its ability to reciprocate the most hospitable welcome that you and the Mexican people extended six weeks ago to me and through me to the people of the United States. My small part in carrying out this mandate will be one of the happiest events of my tour of office. We want to show you the full extent of our appreciation of your visit to our country and of our determination to perpetuate friendship with the great Mexican nation.

In welcoming you today to Washington, I express to Your Excellency and to the distinguished members of your party the sincere hospitality of the people of the United States.

Planned Stabilization of Rate of Exchange Between U.S. and Mexico

JOINT STATEMENT BY THE PRESIDENT OF THE U.S. AND THE PRESIDENT OF MEXICO¹

During the conversations that have taken place in Washington as a continuation of those begun in Mexico in March of this year, the Presidents of the United Mexican States and of the United States of America have had an opportunity to ratify in the friendliest spirit their common purpose to further develop, for the reciprocal benefit of their peoples, the cordial relations existing between the two Republics.

Recognizing that one of the most important and practical methods of strengthening the policy of solidarity of the two Nations is undoubtedly a program of cooperation to solve the complex economic problems of the present post-war period, both Chiefs of State have agreed that their respective administrations must exert all efforts to raise the standards of living in their countries by increasing productivity and, consequently, the purchasing power of their peoples.

To this end the Presidents of the United Mexican States and of the United States of America are pleased to announce that they concur in the desirability of signing a new agreement to stabilize the rate of exchange between the peso and the dollar.

In addition, the Export-Import Bank of Washington is prepared to approve additional credits to Mexico to assist in financing a number of projects laid before it by the Mexican Government—projects which are designed to make the greatest and earliest contribution to the economy of Mexico.

Other important aspects of the program of economic cooperation between the two Republics are under study.

In issuing this statement both Chiefs of State express their satisfaction with the great cordiality attained in the relations of the peoples they represent, and both, inspired by the ideals of good neighborliness and by mutual and full under-

standing of their problems, reaffirm their decision to strengthen the bonds of the inter-American community.

President of Mexico Awarded Legion of Merit

The following citation accompanied the award of the Legion of Merit degree of Chief Commander to Miguel Alemán, President of Mexico, during a White House dinner in his honor on May 1, 1947

His Excellency Miguel Alemán, President and Commander-in-Chief of the Armed Forces of Mexico, has displayed unswerving friendship to the United States and to the ideals of the Good Neighbor Policy, the success of which he has done so much to assure. His eagerness to enhance the bonds of friendship between Mexico and the United States and his strong backing of the progressive and liberal foreign policy of his government have established a shining pattern of the spirit which is making Pan Americanism the true brotherhood of the nations of America.

Tax Treaty Negotiations With Mexico

[Released to the press May 2]

Arrangements have been made for an American Delegation to visit Mexico in the latter part of June of this year to conduct *ad referendum* negotiations looking to the conclusion of treaties between the United States and Mexico for the avoidance of double taxation and for administrative cooperation in prevention of tax evasion with respect to income taxes and to taxes on estates of deceased persons.

The discussions are expected to result in the preparation of draft treaties which will be submitted by the negotiators to their respective governments for consideration with a view to signing.

In preparation for the negotiations, the American Delegation will welcome conferences with interested parties or statements and suggestions from them concerning problems in tax relations with Mexico. Communications in this connection should be addressed to Eldon P. King, Special Deputy Commissioner of Internal Revenue, Bureau of Internal Revenue, Washington 25, D.C.

¹ Released to the press simultaneously by the White House in Washington and in Mexico City on May 1, 1947.

Signing of Aviation Agreement With Argentina

[Released to the press May 1]

The Department of State announced on May 1 the signing of a bilateral aviation agreement with Argentina incorporating the Bermuda principles. Final determination of the routes to be flown by the air lines of the two countries will be worked out by subsequent agreement.

James M. Landis, Chairman of the Civil Aeronautics Board, as the personal representative of the President, with temporary rank of Minister, negotiated this agreement in Buenos Aires in collaboration with Ambassador Messersmith. They were assisted by John O. Bell and Thomas T. Carter of the Aviation Division of the Department of State. The full text of the agreement will be released after Mr. Landis' return to Washington.

Merchant Marine Academy To Train Students From Other American Republics

The President on May 1 named 11 young men from other American republics to receive the four-year course of instruction at the United States Merchant Marine Academy, Kings Point, New York, beginning July 1, 1947.

The successful candidates are expected to arrive in Washington during May. Before reporting to the Academy they will attend the orientation school maintained under Department of State auspices at Wilson Teachers College, Washington, D.C. The Department of State, through its Division of International Exchange of Persons, has cooperated in the arrangements for awarding the scholarships and facilitating the arrival in this country of the 11 cadet-midshipmen.

A limited number of cadet-midshipmen from the other American republics are authorized to serve in the United States Merchant Marine Cadet Corps following their nomination by the President to the chairman of the United States Maritime Commission.

During the training period the midshipmen selected will be subject to all the requirements and regulations applying to cadet-midshipmen from the United States; however, such graduates shall not be entitled to appointment to any office or position in the United States Merchant Marine by reason of their graduation from the Academy.

The course of training consists of 12 months as a fourth-classman and approximately 1 year aboard a merchant or training vessel which gives the cadet-midshipman an opportunity to learn at first hand about the ships upon which he will serve as an officer, correlated with a prescribed course of study designed to prepare the cadet-midshipman for his last 2 years at the Academy.

Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Panama, Paraguay, Peru, Uruguay, and Venezuela will be represented at the Academy by the cadet-midshipmen designated by the President. Appointment of a Mexican cadet-midshipman will be announced at a later date.

Sweden Releases Statement on Import Restrictions

[Released to the press May 3]

With reference to the current trade discussions in Washington on the Swedish import restrictions placed in effect on March 15, 1947, the Swedish Legation has informed the Department of State that the Swedish Government is making public in Stockholm a statement concerning the treatment to be accorded goods on order or en route at the time of the imposition of the restrictions.

The statement of the Swedish Government, after pointing out that certain commodities were already covered by import restrictions prior to March 15, 1947, repeats the substance of a previous announcement that no import licenses will be required for goods on the so-called free list, nor for goods loaded on board ship or other means of transport by March 20, 1947, nor for goods for which full payment had been made on or before March 15, 1947.

The Swedish Government then states that licenses will be granted for the import of all commodities which were placed under import restrictions on March 15, 1947, provided that the Swedish importer when applying for an import license establishes the following facts:

- (1) that a *bona fide* contract contemplating delivery prior to October 1, 1947, had been entered into on or before March 15, 1947, and
- (2) that the delivery in Sweden of the goods mentioned in the contract will be effected before October 1, 1947.

The announcement of the Swedish Government further provides that in the special case of con-

tracts placed on or before March 15, 1947, providing for periodic deliveries, favorable consideration will be given only to that part calling for deliveries prior to October 1, 1947.

The Swedish Government also gives assurances that license applications for goods ordered on or before March 15, 1947, for delivery after October 1, 1947, will be given favorable consideration if the exporter had, by March 15, 1947, already commenced production in accordance with specifications which render the product not easily disposable elsewhere.

It is suggested by the Swedish Government that American exporters make sure that a Swedish import license, when required, has been granted, before shipping their goods to Sweden. With this end in view the American exporter should obtain the number of the Swedish import license from the Swedish importer.

In case an American exporter has difficulty in furnishing his Swedish correspondent with the information required for the procuring of an import license, as set forth above, the field offices of the Department of Commerce are being instructed to render such assistance as is appropriate in the assembling of the required information, and in its transmission to the American Legation at Stockholm, which will be prepared to present the case of the American exporter to the appropriate authorities of the Swedish Government.

Progress of Swedish Trade Talks

[Released to the press May 11]

The Legation of Sweden has informed the Department of State that Envoye (Minister) Dag Hammarskjold, who has been taking part in the discussions between the Governments of Sweden and the United States concerning the problems arising from the imposition of import restrictions on March 15, 1947, by the Swedish Government was to return to Sweden on May 3 for the start of financial talks with representatives of the United Kingdom.

Mr. Hammarskjold is able to return to Sweden at this time because of the satisfactory progress which has been made in the discussions in Washington. It is expected that he will be back in Washington in approximately 10 days for the conclusion of talks with the United States Government. In the meantime the trade discussions with

the other Swedish representatives in Washington will continue.

A satisfactory understanding has been reached with the Swedish representatives concerning the treatment to be accorded American goods on order in the United States or en route to Sweden as of March 15, 1947. A statement on the understanding is now being drafted and will be released as soon as possible.

Claims for American Property Confiscated in the Netherlands

[Released to the press April 28]

At the time of the liberation the Netherlands Government assumed control of a number of organizations which had been established by the Germans to confiscate property in the Netherlands. The procedure to be followed by American nationals in attempting to recover property which had been confiscated by one of those organizations, Deutsche Revisions- und Treuhand A.G., was described in the BULLETIN of April 6, 1947, p. 632.

The custodians of Lippmann, Rosenthal & Co., Sarphatistraat, Amsterdam, have also issued notices advising persons whose property was confiscated by that agency to present claims. That agency was used by the Germans to confiscate Jewish property. A small part of the confiscated property is still held by the custodians, and will be restored upon proper identification. Owners of property which was sold, or which cannot be identified, may file claims with the custodians to share in the fund which will be realized from the liquidation of the assets of the agency. The custodians by notice dated January 2, 1947, announced that the heirs of a person who had an account with the organization and whose death has been officially proved are also authorized to file claims.

William L. Clayton to Economic Commission for Europe

The Senate on April 25, 1947, confirmed the nomination of William L. Clayton, Under Secretary of State for Economic Affairs, to be the representative of the United States of America in the Economic Commission for Europe established by the Economic and Social Council of the United Nations on March 28, 1947.

U.S. Reiterates Objection to Treatment of American Correspondent in Spain

EXCHANGE OF NOTES BETWEEN AMERICAN CHARGÉ D'AFFAIRES AT MADRID AND SPANISH FOREIGN MINISTER

[Released to the press May 2]

Texts of notes exchanged by the Foreign Minister of Spain and the American Chargé d'Affaires at Madrid, dated April 14, 1947, and April 28, 1947, respectively, concerning the action of the Spanish Government in withdrawing press credentials from Francis E. McMahon, correspondent in Spain from the New York Post

[Translation]

MINISTRY OF FOREIGN AFFAIRS

MADRID, April 14, 1947.

MR. CHARGÉ D'AFFAIRES: In reply to your amiable Note of April 7, I am pleased to confirm to you in writing what I told you orally on the 11th of the same month, after having informed myself carefully from the Press Services concerning the background of the matter.

I

It was only through a special consideration, because there was involved an American citizen and because the Embassy of the United States in Madrid had intervened in his favor, that the newspaperman Mr. McMahon was given permission last August to enter Spain, in spite of the reports which were given of him in certain Catholic circles in the United States, which reports showed him as a person very *apasionada* in politics with prejudices against Spain and, as a result, having very little objectivity in his newspaper work.

During six months Mr. McMahon has enjoyed full and complete liberty to circulate throughout Spanish territory and to send in his articles without any hindrance to the paper by which he was sent. Tolerance has also been demonstrated because, in spite of the fact that Mr. McMahon was only accredited as correspondent of the New York Post, of New York, his work has appeared in the press of other countries, especially in the French press and in that of some Spanish-American countries.

Styling himself a reporter on Spanish life, Mr. McMahon, who is a Catholic, has, however, not

been interested in saying anything to his readers regarding any of the numerous aspects of the Spanish Catholic resurgence which has been noted in the past few years, nor concerning the intense cultural activity of the new Institutions, nor concerning the great legislative reforms of a Christian character which have been introduced in the world of labor and the progress which has been attained in social directions, nor with regard to Spanish literature, Spanish art and the customs and feasts of Spain.

During these six months in which he has sent to his paper as many articles as he wished to write, Mr. McMahon, systematically and repeatedly, has devoted himself in almost all of them, in a preferential manner, to speculations regarding the poverty of the humble classes which is not superior, in fact much less, than that which in a period of world crisis may be undergone by the poor of any other nation; he has preferred to refer in a systematic manner to the population of the jails, in spite of the fact that in both numbers and quality it is comparable to that of the period 1920-1931 and it is treated with a greater human consideration than it may be in many other countries; he has imaginatively exaggerated alleged separatist inclinations of Basques and Catalans; he has deduced the most offensive comparisons from the limitations prevailing in certain public liberties, although the said legal dispositions have not prevented him from moving at his will throughout the country and from writing freely in a manner which would not have been permitted in other countries.

Mr. McMahon has given a poor return to the very ample freedom which the Spanish Government grants to all foreign correspondents in order that they may report to their readers. There are many of his articles in which there are gathered up in lightness of spirit street fabrications, rumors, fantasies or simple expressions of opinion derived from any ignorant person, almost always unnamed. In almost no case, as it is the essential

duty of the newspaperman, has Mr. McMahon taken care to investigate the veracity of his reports or to indicate the quality of his sources of information.

The tendentious manner in which certain true facts are reported; the obstinacy with which he has fled from trustworthy sources of information in order in reiterated fashion to search after the most discredited sources; and finally, the lack of objectivity which has even induced him to transmit an incitement to foreign countries to intervene in Spain (article published in the *New York Post* of March 16, 1946) remain very evident as one reads the articles sent in by Mr. McMahon.

II

With these antecedents, there having been proved the bad use which Mr. McMahon had made of the freedom granted him for the exercise of his profession and his lack of informative objectivity, and although through a bureaucratic error (due to the accumulation of work on the eve of Holy Week and the customary vacations) three days before his permit had been automatically extended when it expired, as the Embassy recognizes, on March 24, the General Direction of Press, on the 27th of that month, cancelled the aforesaid extension, informing Mr. McMahon that his *carnet* would not be renewed.

I take pleasure, therefore, in repeating that the deduction which the Embassy under your worthy direction makes to the effect that the measure adopted by the General Direction of Press was specifically due to the transmission of an article by Mr. McMahon on the 26th of the aforesaid month of March is not exact; that article was held up because the *carnet* had expired as of the 24th.

III

Neither the examination of the documents in this file nor the oral explanations given by Mr. McMahon in your presence in our interview of April 11 produced any reasons which might justify on the part of this Ministry an approach to that of National Education in order to review the measure taken by it of not extending Mr. McMahon's correspondent's *carnet*. That measure, far from being of a singular character, is only the legitimate exercise of a legal right of the Government when one considers that an entrance visa for a foreigner, the granting of a *carnet* and its eventual extension are in Spain, as in other coun-

tries, completely within the free will of the administration.

IV

There is no foundation for deducing that the fact of not extending the *carnet* of Mr. McMahon can imply any rectification in the firm and proven criterion which the Spanish Government maintains to assure without any censorship or control complete liberty of behaviour for foreign correspondents duly accredited in Spain. On the contrary, a proof of the said criterion is the fact that during six months that freedom has been fully respected until the expiration of the permit in the case of a newspaperman who had used it in order to be ignorant of and to belittle the country and its Government.

At the present time there are in Spain the following American newspapermen, none of whom have had the least obstacle in the carrying out of their mission: Arnot Dosch-Fleurot, of the *Christian Science Monitor*; Frank Breese, director of the United Press; Tom Allen, subdirector of the United Press; Alburn West, director of the Associated Press; Karl Hartman, subdirector of the Associated Press; Sam Pope Brewer, of the *New York Times*; Homer E. Knoblauth, of International News Service; Anne Allen, of *Lady's Home*.

Also there have been recently in Spain: Arthur E. Vesey and his wife, of the *Chicago Tribune*; Miss Rita Hume, of the North American Newspaper Alliance; and Mrs. Marie Hansen and her husband David N. Nussbaum, of *Holiday*.

In addition to these, and in the last two years, the following gentlemen have exercised their profession in Spain without any difficulty: Ralph Forte, of the United Press; Paul Kennedy, of the *New York Times*; Peter Carroll, photographer of the Associated Press; Anne Stadler, of the I.N.S.; Henry Wales, of the *Chicago Tribune*; C. L. Sulzberger, of the *New York Times*; Charles Foltz, of the Associated Press; Kingsbury Smith, of the I.N.S.; Sheila Baker, of the *News Week*; L. A. Brown, London director of the *New York Times*; Herbert M. Clark, of American Broadcasting Company; Alan Herman, of the Columbia Broadcasting; Carl Howard, of the Associated Press; Larry Rue, of the *Chicago Tribune*; Georgia Long, of the Spanish Evidence Guild; L. Mackenzie, of the Associated Press; Katherine Margaret Maher, of the *New York Times*; Marion J. Fri; John Nevin, of the Associated Press; Don-

ald B. Robinson; Ione Rovingon, of the *Saturday Review*; Edward Paddock Morgan, *Calles Weekly*; Paul Palmer, of the *Reader's Digest*; Sam Boales, of the *New York Post*; Peter Whitney, of the *Chicago Sun*; Carl Wiegand, of the *Hearst Press*; John A. Thale, of the *Chicago Daily News*; Constantine Brown, of the *Evening Star*; and possibly a few more.

The evidence in this case being so clear, I hope with foundation that the Government of the United States which, as you tell me, has been interested in the matter, will find justified the correct and serene attitude of the Spanish Government, not attributing greater importance to the matter involved.

I take [etc.]

ALBERTO MARTÍN ARTAJO

The American Chargé d'Affaires at Madrid to the Spanish Foreign Minister

April 28, 1947.

EXCELLENCY: I have received Your Excellency's note of April 14 in reply to mine of April 7 regarding the withdrawal of press privileges in Spain of the American correspondent, Dr. Francis E. McMahon. While I appreciate the attention which you personally have given to this matter, I cannot but reiterate my regret at both the manner in which Dr. McMahon was treated and at the decision which was finally reached. Your note suggests certain additional considerations.

The question, as I see it, is not one of whether the Spanish Government or any organism thereof insists that Dr. McMahon has not reported objectively with regard to conditions in Spain. It would obviously be impossible to maintain the policy which the Spanish Government announced two years ago of granting to foreign correspondents freedom from control and censorship and at the same time to demand of these correspondents a type of reporting which would be considered objective to those organisms of the Spanish Government which control and censor the Spanish press. More than one of the correspondents whom you list in your note have been publicly attacked in the official newspaper of the Spanish Government *Arriba*, for lack of objectivity and yet the policy of freedom from control or censorship for foreign correspondents was maintained in their cases.

You will, therefore, I am sure, understand the justice of the conclusion which the Department

of State has reached to the effect that the aforesaid policy no longer prevails.

I also note that Your Excellency considers mistaken the deduction of this Embassy to the effect that the action taken in Dr. McMahon's case was specifically due to the contents of his telegram of March 26. That deduction was based upon the following:

(a) The fact that Dr. McMahon's press card was renewed on March 24 at his request, that the renewal was signed by the Director General of Press and that the carnet was specially sent to Dr. McMahon in Seville, all of which facts indicate that the renewal was duly considered by the highest authorities and not handled on any sort of routine basis.

(b) If the detention of Dr. McMahon's telegram of March 26 had been due to the fact that his press card was considered to have expired, it would be logical to suppose that he would immediately have been advised thereof. However he received no such advice until April 2. This indicates to me that it was the consideration of this particular telegram by the authorities which resulted in the decision taken against him.

(c) On the afternoon of April 3 Señor Cerro made a statement on the matter to a representative of the AP in which, according to the published report of the AP, he referred to one of the matters dealt with in the aforementioned telegram of March 26.

This reference would have been definitely out of place if the reason for holding up the telegram had been merely that Dr. McMahon's press card was considered invalid as of the date when the aforesaid telegram was filed.

(d) On April 3 I asked Señor Erice, Director General of Foreign Policy in the Ministry of Foreign Affairs, to ascertain the facts in the case. When I called upon him on April 5 he said that it was a very serious matter because there was involved an attack on Your Excellency. I had with me a copy of Dr. McMahon's telegram of March 26 which I showed to Señor Erice and at his request I left with him a translation of the particular item which he and I at that time believed was the one which had caused the action taken against Dr. McMahon. That item, quoted in full in my note of April 7, far from being an attack by Dr. McMahon was merely the report of

an attack by the periodical of an official organism of the Spanish Government.

I wish also to reiterate that, regardless of the decision reached by the Spanish Government in this matter and without in any way questioning the complete jurisdiction of that government in the field, the Department of State and this Embassy deeply regret the manner in which Dr. McMahon was treated by the press authorities of the Spanish Government. His telegram of March 26 was held up without notification to him and it was not until April 2 when he had already filed a second telegram that he was informed of a measure which, according to Your Excellency's note, had been decided on March 27, the day after the filing of the first of the aforementioned telegrams. This proceeding of the press authorities, besides being arbitrary and highly discourteous, caused Dr. McMahon's employer in the United States, the New York Post, serious concern because of their failure to receive any explanation for the non-arrival of their correspondent's regular weekly telegram. It contrasts most unfavorably with the treatment accorded Spanish correspondents in the United States.

PHILIP W. BONSALE

Facts on U.S. Shipments of Bread Grain to France

[Released to the press May 11]

The Department of State is concerned about reports in the French press which represent the recently announced reduction in the French bread ration as in part resulting from a failure on the part of the United States to meet commitments regarding bread-grain shipments to France. In order to clarify the situation, the International Emergency Food Council, whose recommendations serve as a guide for programming of United States grain exports, was asked to advise on the facts. The Secretary General of I.E.F.C. reported to the Department as follows:

"The initial grain import program from all sources recommended by the International Emergency Food Council for metropolitan France and French North Africa taken together for the year July 1, 1946-June 30, 1947, amounted to 641,000 tons. This program was increased to 1,084,000 tons in revisions made during and subsequent to negotiations of the French Minister of Agriculture,

M. Tanguy-Prigent, in February 1947, with the International Emergency Food Council. In recommending the increase, the I.E.F.C. took into account the reported widespread winter killing of the French wheat crop and approved as feed for livestock 100,000 tons of the secondary grain which had previously been imported by France and used for this purpose. Known shipments from all sources up to February 1 as now recorded by I.E.F.C. total 573,000 tons, leaving 511,000 tons of the 1,084,000 to be obtained from all sources in the period February-June 1947.

"Toward meeting this balance of 511,000 tons from all sources, the United States has announced that it hopes to ship at least 459,000 tons of bread grains to metropolitan France and French North Africa between February and June of this year. This program, together with shipments now reported from other sources, would bring known shipments and declared programs to metropolitan France and North Africa to 1,087,000 tons for the crop year ending July 1, 1947, or a quantity slightly in excess of the International Emergency Food Council recommendation of 1,084,000 tons for that period. This total does not include any shipments from sources other than the United States which have not yet been reported or any others which may be made from these sources in May and June."

Release of Summary and Recommendations of the American Economic Mission to Greece

The Department of State released on April 30 the Summary and Recommendations of the American Economic Mission to Greece.

The report consists of: a summary and recommendations; chapters on public finance, currency, banking and credit, international commercial and financial relations, Government administration, price, rent, and wage controls, reconstruction and development, industry and mines, agriculture, food and fishing, shipping, and foreign aid since liberation; and appendices.

The text of the summary and recommendations of the Mission will be printed in a supplement of the BULLETIN, entitled *Aid to Greece and Turkey*, dated May 4, 1947, which will be released at an early date (Department of State publication 2802).

May 11, 1947

THE SUPREME ECONOMIC COUNCIL OF THE ALLIED AND ASSOCIATED POWERS, 1919

by Matilda F. Axton

On May 4, 1947, the Department of State released Papers Relating to the Foreign Relations of the United States, The Paris Peace Conference, 1919, vol. X, containing the minutes of the meetings of the Supreme Economic Council from Feb. 17, 1919, to Feb. 7, 1920. This volume was compiled by Matilda F. Axton, under the direction of E. R. Perkins, Editor of Foreign Relations. Copies may be purchased from the Superintendent of Documents, Government Printing Office, Washington 25, D.C., for \$2.75 each.

Prior to the signature of the German peace treaty, June 28, 1919, the Supreme Economic Council, which performed a large part of the detailed executive work of the Supreme Council, was mainly concerned with relief problems of the famine-stricken countries of eastern Europe and with the revictualing of Germany in accordance with the terms of the Armistice.

The economic control machinery of World War I was exercised by the Allied Maritime Transport Council, because in the circumstances of 1917 and 1918 transport was the controlling factor and the Supreme War Council was not in permanent session and therefore could not exercise continuity of supervision. That Council, created after the inter-Allied meetings of November-December 1917, held its first meeting in March 1918 and thereafter met three times before the Armistice. The Allied Maritime Transport Executive, established in London, exercised day-to-day control with the assistance of a tonnage committee, a ship-purchasing committee, and an imports committee. Various program committees and executives were engaged in more immediate control of production and purchase of such items as leather, hides, and wool; others operated under the Allied Munitions Council, the Allied Food Council, the Wheat Executive, Oil-Seeds Executive, Meats and Fats Executive, and Sugar Programme Committee. Because the United States was the main source of supply, a vitally important body was the Allied Council on War Purchases.

With the termination of hostilities, various plans were presented regarding the control of the economic position during the Armistice period. The members of the Allied Maritime Transport Council brought before their respective governments the recommendation that their Council be converted into a General Economic Council with certain extensions and changes of personnel. The British Government took the initiative and on November 13, 1918, transmitted an official communication to the Governments of the United States, France, and Italy suggesting the revision of the representation and functions of the Allied Maritime Transport Council. The United States Government, however, took the view that war organizations should be discontinued and the problems of the Armistice should be handled by appropriate new machinery. As a result of prolonged discussions during December 1918, an Allied Supreme Council of Supply and Relief was created. The new Council, restricted to one not clearly separable part of many economic problems facing the Allies, proved ineffective.

The Supreme Council on February 8, 1919, adopted a proposal, presented by President Wilson, for the establishment at Paris of a Supreme Economic Council to meet the need for more satisfactory machinery to coordinate economic affairs. This Council was given the power to absorb or replace such other existing inter-Allied bodies and their powers as it might be necessary. It was to be composed of not more than five representatives of each interested Government.

The Supreme Economic Council at its first meeting February 17, 1919, decided that the Allied Maritime Transport Council, the Inter-Allied Food Council, the Allied Supreme Council of Supply and Relief, the Programme Committees, and the Superior Blockade Council should retain their powers but should report their decisions regularly to the Supreme Economic Council. A Food Section, under the chairmanship of Herbert Hoover as Director General of Relief, assumed the functions of the Allied Supreme Council of Supply and Relief and the Inter-Allied Food Council. The Allied Maritime Transport Council continued as the Maritime Transport Section, with J. A. Salter (British), as chairman, succeeded later by Kemball Cooke (British). The Supreme Blockade Council became the Blockade Section, adopting the title of Superior Blockade Council; Vance McCormick was chairman. The new sections for finance, communications, and raw materials were under the chairmanship of Norman H. Davis, Gen. H. O. Vance (British), and Bernard M. Baruch, respectively.

The most difficult work of the Supreme Economic Council arose out of the handling of economic relations with Germany during the Armistice period. The Supreme Economic Council on April 14, 1919, provided for a subcommittee on Germany in Paris to coordinate the decisions of its commissions and sections with regard to Germany and to act as a channel of communication on economic matters to and from the Germans. The only direct communication was through the Armistice Commission at Spa. On April 21, 1919, the Supreme Council agreed to the proposal of the Supreme Economic Council that a German commission be established at or near Paris to facilitate economic negotiations. Although some German communications continued with the Armistice Commission at Spa, the greater part of the economic negotiations thereafter took place at Versailles, the headquarters of the German Economic Commission.

Article XXVI of the Armistice agreement of November 11, 1918,¹ provided in effect that, although the blockade of Germany would be maintained in principle, the Allies and the United States would permit the provisioning of Germany during the Armistice to the extent that would be considered necessary. The agreement, however,

contained no provision for the surrender to the Allies of the German merchant fleet. The stringent tonnage situation which developed in the early months of 1919 necessitated the immediate putting into use of these German vessels for the transport of relief supplies. Negotiations for their surrender were conducted; a clause in the agreement of January 16, 1919, renewing the Armistice,² and the Trèves agreement of January 17, 1919,³ provided that Germany should be enabled to import food subject to the provision of the requisite finance.

Protracted negotiations then took place at Spa and Trèves regarding the conditions of supply of food to Germany, the terms of transfer of the ships, and the method of payment for the food. Delays arose over the German refusal to hand over the ships without first receiving a guaranty from the Allies of a definite quantity of food before the harvest. These difficulties were finally settled by the Brussels agreement, March 13-14, 1919,⁴ under which deliveries of food were made to Germany to the end of August 1919. The transfer of the ships began on March 22, 1919, and proceeded expeditiously.

Control of economic affairs in the occupied territory of the Rhineland became one of the most important functions of the Supreme Economic Council. The four zones in the Rhineland occupied by the American, British, French, and Belgian Armies had been arbitrarily defined with no relation to the social and economic structure of the country. The four Army Commands dealt not only with problems primarily of a military character but also with problems directly economic or affecting only the German civil administrations. In addition to the Inter-Allied High Command, a large number of inter-Allied commissions were also dealing with specific economic questions on the left bank of the Rhine. Recognizing the fact that economic questions affecting the occupied zones could not be handled efficiently by so

¹ *Foreign Relations*, The Paris Peace Conference, 1919, vol. II, pp. 1, 6. (Department of State publication 1823.)

² *Ibid.*, pp. 11, 15.

³ *Der Waffenstillstand 1918-1919, das Dokumenten-Material der Waffenstillstands-Verhandlung von Compiègne, Spa, Trier und Brüssel*, herausgegeben im Auftrage der Deutschen Waffenstillstands-Kommission mit Genehmigung des Auswärtigen Amtes (Berlin, 1928), band 2, p. 37.

⁴ See David Hunter Miller, *My Diary at the Conference of Paris*, vol. XVII, pp. 197-214.

many competing authorities, the Supreme Council, on April 21, 1919, approved recommendations of the Supreme Economic Council to the effect:

"1. That an Inter-Allied Commission, consisting of four Commissioners, one from each Ally concerned with the administration of the occupied territories, should, together with an Italian liaison officer, be set up with full authority to coordinate the administration of the four Army Commands on all economic, industrial, and food questions, in accordance with the policy laid down from time to time by the Supreme Economic Council.

"2. That orders should be issued under authority of the Supreme War Council to the Army Commands in the various areas, that directions given by the Commission shall be uniformly executed throughout the whole area."

In accordance with this decision of the Supreme Council, the Inter-Allied Rhineland Commission was set up at Luxembourg and later at Coblenz, with Paul Tirard, the French Commissioner, as President. Pierrepont B. Noyes was appointed to act as the American Commissioner.

The Supreme Economic Council established, or brought under its authority, relief missions in Austria, Czechoslovakia, Hungary, Rumania, Serbia, Poland, the Baltic States, south Russia, and Turkey. It also set up a special mission at Trieste to supervise and expedite deliveries to Austria and other states.

In his final report to the Supreme Council, September 3, 1919, Mr. Hoover stated that a total of 3,955,110 tons of foodstuffs and clothing of the value of \$968,338,222 from the various Allied and Associated Governments had been distributed by his organization between December 1, 1918, and August 31, 1919; and that, in addition, a large number of exchanges in potatoes, meat, grain, et cetera, had been arranged between interior countries in central and eastern Europe, amounting to somewhat over 500,000 tons of foodstuffs. Mr. Hoover also stated, in conclusion, that "the result of these operations has been to carry Europe (except Russia) through the greatest famine since the Thirty Years War without appreciable loss of life, although necessarily with some privation."

The Communications Section of the Supreme Economic Council organized and coordinated assistance for the maintenance and improvement of the existing port, railway, inland-waterway, and

telegraphic facilities of eastern Europe. Through a large staff and the supply of large quantities of materials, the railways, which had been disintegrated by war use and by political changes, were sufficiently restored to maintain the movement of the basic necessities of life throughout the area; the rivers Elbe, Danube, and Vistula were reopened for traffic; and, in order to cope with the movement of supplies and control of railways, and to rehabilitate economic life generally, telegraphic communication was organized throughout central and eastern Europe.

The organization and work of the Supreme Economic Council was fundamentally different in a number of respects after the German ratification of the peace treaty, and the ending of the Armistice period. By that time the general lines of administration of relief in eastern Europe had been laid down and the supply of food to Germany was in full operation, and with the approaching harvest the supply of food to relief countries was also rapidly ceasing. On June 28, 1919, at the last meeting of the Supreme Council attended by President Wilson, it was agreed that the Supreme Economic Council should suggest for the consideration of the several governments the methods of consultation which would be most serviceable for this purpose. The Supreme Economic Council recommended that an International Economic Council be constituted to replace the Supreme Economic Council and that it hold its meetings in the chief Allied capitals in turn, the first meeting to be held in Washington after the ratification of the peace treaty. When it was not found possible to proceed with this plan because of the failure of the United States to ratify the treaty, the Supreme Economic Council continued to function under its old title, holding its meetings in various Allied capitals at irregular intervals until February 1920.

Although the American delegates continued to participate in the meetings of the Supreme Economic Council through the 29th meeting at London, August 1-2, 1919, they were principally concerned with completing the food-relief commitments of the United States and making arrangements for closing down their organization throughout Europe. Mr. Hoover and all the American delegates who had been primarily concerned with the Supreme Economic Council had returned to the United States by September 1919 and were not replaced.

U.S. Interpretation of Terms of Moscow Agreement on Korea

NOTE FROM SECRETARY OF STATE TO SOVIET MINISTER FOR FOREIGN AFFAIRS

[Released to the press May 21]

DEAR MR. MOLOTOV: I have considered your letter of April 19, 1947¹ in which you accept our proposal to reconvene the U.S.-U.S.S.R. Joint Commission and suggest that the Commission resume its work on May 20 of this year. I have also noted your statement that resumption of the Commission's work shall be "on the basis of an exact execution of the Moscow Agreement on Korea".

In order to avoid any future misunderstanding with respect to the phrase "exact execution" I wish to make clear my interpretation of the phrase. In my letter to you of April 8² I stated that the Joint Commission should be charged with expediting "its work under the terms of the Moscow Agreement on a basis of respect for the democratic right of freedom of opinion". In making this statement I had and have in mind the well-known position of the Government of the United States that Korean representatives of democratic parties and social organizations shall not be excluded from consultation with the Commission on the formation of a provisional Korean government because of opinions they might hold or may have expressed in the past concerning the future government of their country, provided they are prepared to cooperate with the Commission.

You mention three points which the Soviet Government believes to be of primary importance in its policy towards Korea. Your statement concerning the importance of establishing a provisional democratic Korean government on the basis of wide-scale participation of Korean democratic parties and social organizations has from the beginning been accepted by the United States Government as basic to its policy of assisting in the establishment of a self-governing sovereign Korea, independent of foreign control and eligible for membership in the United Nations.

I interpret your second point with respect to the establishment of "democratic authority agencies" throughout Korea as referring to local, provincial and national government agencies chosen, as you state, by means of free elections on the basis of a general and equal electoral right.

I welcome the assurance contained in your third point with regard to the importance you attach to aiding in the restoration of Korea as an independent democratic state and in the development of its national economy and national culture. The United States Government has under consideration a constructive program for the rehabilitation of the economy of Korea and for its educational and political development.

In order that I may direct the United States Commander in Korea to make preparations for opening the sessions of the Joint Commission in Seoul on May 20, 1947, may I receive an early confirmation that we are mutually agreed as to the basis on which the Commission shall resume its important work?

I am furnishing copies of this letter to the Governments of China and the United Kingdom.

Please accept [etc.] **GEORGE C. MARSHALL**

U.N. Documents—Continued from page 929

Letter from the Minister of Hungary to the United States
Addressed to the Secretary-General Dated 22 April
1947. S/333, Apr. 25, 1947. 1 p. mimeo.

Trusteeship Council

List of Trusteeship Council Documents Issued as of 10
April 1947 in Connection With the First Session of the
Trusteeship Council. (Memorandum Prepared by the
Secretariat.) T/INF/3, Apr. 14, 1947. 7 pp. mimeo.

Trusteeship Agreements. Texts of the Eight Trusteeship
Agreements Approved by the General Assembly at the
Sixty-second Meeting of Its First Session, 13 Decem-
ber 1946. T/8, Mar. 25, 1947. 62 pp. mimeo.

Report by the Committee on Questionnaires to the Trustee-
ship Council. T/AC.2/1, Apr. 22, 1947. 43 pp. mimeo.

Compilation of Questions in the Formulation of Question-
naires: Item 8 of the Provisional Agenda for the First
Session of the Trusteeship Council. (Memorandum
prepared by the Secretariat.) T/9, Mar. 25, 1947. 63
pp. mimeo.

Draft Report by the Trusteeship Council to the General
Assembly Covering the First Session of the Council, 26
March to 28 April 1947. T/39, Apr. 28, 1947. 16 pp.
mimeo.

¹ BULLETIN of May 4, 1947, p. 812.

² BULLETIN of Apr. 20, 1947, p. 716.

May 11, 1947

Negotiations Planned for Settlement of China's War Accounts

[Released to the press May 2]

The Government of China has responded affirmatively to a recent United States proposal that negotiations looking to settlement of outstanding war accounts begin soon in Washington, the Secretary of State announced on May 2.

The discussions will extend to settlement of lend-lease, other wartime financial obligations of the two Governments, unadjusted aspects of surplus war property transactions, and other financial claims arising out of the conduct of the war.

United States war aid to China included approximately 1.5 billion dollars' worth of lend-lease assistance under the mutual-aid agreement of June 2, 1942, and a 1942 loan of 500 million dollars, or a total of roughly 2 billion dollars. Nearly half of the total lend-lease assistance was extended after V-J Day.

Surplus property sales to China (including the bulk sale of August 30, 1946) have amounted to about 900 million dollars at procurement cost. The agreed sales price is approximately 210 million dollars. Of the 210 million dollars, the sum of 120 million dollars was offset against United States obligations to China on account of yuan and Taiwan yen advances (for support of United States military forces) and 55 million dollars represents local currency which the Chinese agreed to make available to be used in payment of United States Government expenses in China. This latter sum comprises 35 million dollars for the acquisition and improvement of property for embassies, consulates, and chancelleries, and 20 million dollars designated for the fulfilment of cultural and educational programs.

Two special agreements on lend-lease matters were signed in June 1946, one specifying the payment and other terms governing civilian lend-lease "pipe-line" deliveries after V-J Day, and the other the terms governing the limited provision, for payment, of military lend-lease aid for a limited period after June 30, 1946. Neither of these agreements covered the general questions of lend-lease settlement, or other economic matters usually associated with the general settlement of

war accounts, all of which will be comprehended by the approaching discussions.

The terms of the lend-lease settlement agreement to be reached with China are expected to reflect the same liberal settlement principles that have found expression in the major lend-lease settlements heretofore concluded with other governments, notably that with the United Kingdom agreed in December 1945.

Extension of Copyright Agreement With New Zealand ¹

An agreement between the Government of the United States and the Government of New Zealand for an extension of time for fulfilment of the conditions and formalities for securing copyright was effected on April 24, 1947,² by an exchange of notes between the New Zealand Minister and the Acting Secretary of State.

The note from the New Zealand Minister is accompanied by a copy of an Order in Council published in the *New Zealand Gazette* of April 24, 1947, according copyright-extension privileges to authors and copyright proprietors of the United States. The note from the Acting Secretary of State to the New Zealand Minister is accompanied by a copy of a proclamation issued on April 24, 1947, by the President of the United States pursuant to Public Law 258, 77th Congress (55 Stat. 732), extending to New Zealand authors and copyright proprietors the time for compliance with and for the fulfilment of the conditions and formalities established by the laws of the United States of America relating to copyright.

Air-Transport Agreement With Syria

[Released to the press April 28]

A bilateral air-transport agreement between the United States and Syria was signed on April 28 in Damascus. James S. Moose, Jr., Chargé d'Affaires, signed on behalf of the United States Government, and Prime Minister Jamil Mardam Bey signed for Syria.

The agreement is substantially the same as the agreement between the United States and Lebanon and is similar to the United States-Egyptian air-transport agreement as well. Under its terms, Pan American Airways will be authorized to make traffic stops at Damascus with fifth-freedom rights on the certificated route between the United States and India and the Far East.

¹ Proclamation 2729 (12 *Federal Register* 2643).

² For texts of notes and enclosures, see Department of State press release 350 of Apr. 24.

Agreement of Friendship and Commerce With Nepal

SIGNING OF AGREEMENT

[Released to the press April 29]

The first formal agreement between the Kingdom of Nepal and the United States Government was concluded on April 25, 1947, with the signing of an agreement of friendship and commerce at Katmandu, the capital of Nepal. Joseph C. Satterthwaite, Personal Representative of the President, and His Highness Maharaja Padma Shum Shere Jung Bahadur Rana, Prime Minister of Nepal, signed the agreement on behalf of the United States Government and the Kingdom of Nepal, respectively.

This is an Executive agreement which is intended to remain in force until superseded by a more comprehensive commercial agreement and is terminable on 30 days' written notice by either party. The agreement provides for the exchange of diplomatic and consular representation, establishes a minimum standard for treatment of American nationals who may go to Nepal, and establishes the rule of non-discrimination in the future commercial relations between the two countries. The new document is similar to agreements concluded in 1946 with the Yemen and in 1933 with Saudi Arabia.

UNITED STATES NOTE TO PRIME MINISTER OF NEPAL

[Released to the press April 30]

Text of United States note addressed to the Prime Minister of Nepal, which contains the terms of the friendship and commerce agreement between the United States of America and the Kingdom of Nepal, signed at Kathmandu, April 25, 1947, effective April 25, 1947. The Nepalese Prime Minister's reply of the same date repeats verbatim the terms contained in the United States note

April 25, 1947.

EXCELLENCY: I have the honor to make the following statement of my Government's understanding of the agreement reached through recent conversations held at Kathmandu by representatives of the Government of the United States of America and the Government of the Kingdom of Nepal with reference to diplomatic and consular representation, juridical protection, commerce and navigation. These two Governments, desiring to strengthen the friendly relations happily existing

The recognition of the independence of Nepal by the Government of the United States was expressed in a personal letter from President Truman, presented personally by Mr. Satterthwaite on April 21 to His Majesty, The Maharajadhiraja, Tribhubana Bir Bikram Jung Bahadur Shah Bahadur Shum Shere Jung Deva, King of Nepal.¹ Mr. Satterthwaite, who with his advisers arrived in Katmandu on April 13, reports that his mission has been received by the Nepalese with the utmost cordiality and that his negotiations with Nepalese Government officials have been characterized throughout by a spirit of frankness and good-will.

The agreement with the Himalayan Kingdom will provide a basis for better understanding between the United States and Nepal as well as between the United States and the southern Asia area in general. It will also provide a provisional basis for economic and cultural relations between two countries hitherto little known to each other.

The United States note addressed to the Prime Minister of Nepal, dated April 25, 1947, contains the terms of agreement. The Nepalese Prime Minister's reply of the same date repeats verbatim the terms contained in the United States note.

between the two countries, to further mutually advantageous commercial relations between their peoples, and to maintain the most-favored-nation principle in its unconditional and unlimited form as the basis of their commercial relations, agree to the following provisions:

1. The United States of America and the Kingdom of Nepal will establish diplomatic and consular relations at a date which shall be fixed by mutual agreement between the two Governments.
2. The diplomatic representatives of each Party accredited to the Government of the other Party shall enjoy in the territories of such other Party the rights, privileges, exemptions and immunities accorded under generally recognized principles of international law. The consular officers of each Party who are assigned to the Government of the other Party, and are duly provided with ex-

¹ Not printed.

May 11, 1947

equaturs, shall be permitted to reside in the territories of such other Party at the places where consular officers are permitted by the applicable laws to reside; they shall enjoy the honorary privileges and immunities accorded to officers of their rank by general international usage; and they shall not, in any event, be treated in a manner less favorable than similar officers of any third country.

3. All furniture, equipment and supplies intended for official use in a consular or diplomatic office of the sending state shall be permitted entry into the territory of the receiving state free of all customs duties and internal revenue or other taxes whether imposed upon or by reason of importation.

4. The baggage and effects and other articles imported exclusively for the personal use of consular and diplomatic officers and employees and the members of their respective families and suites, who are nationals of the sending state and are not nationals of the receiving state and are not engaged in any private occupation for gain in territory of the receiving state, shall be exempt from all customs duties and internal revenue or other taxes whether imposed upon or by reason of importation. Such exemption shall be granted with respect to property accompanying any person entitled to claim an exemption under this paragraph on first arrival or on any subsequent arrival and with respect to property consigned to any such person during the period the consular or diplomatic officer or employee, for or through whom the exemption is claimed, is assigned to or is employed in the receiving state by the sending state.

5. It is understood, however, (a) that the exemptions provided by paragraph 4 of this Agreement shall be accorded in respect of employees in a consular office only when the names of such employees have been duly communicated to the appropriate authorities of the receiving state; (b) that in the case of the consignments to which paragraph 4 of this Agreement refers, either state may, as a condition to the granting of the exemption provided, require that a notification of any such consignment be given in such manner as it may prescribe; and (c) that nothing herein shall be construed to permit the entry into the territory of either state of any article the importation of which is specifically prohibited by law.

6. Nationals of the Kingdom of Nepal in the United States of America and nationals of the

United States of America in the Kingdom of Nepal shall be received and treated in accordance with the requirements and practices of generally recognized international law. In respect of their persons, possessions and rights, such nationals shall enjoy the fullest protection of the laws and authorities of the country, and shall not be treated in any manner less favorable than the nationals of any third country.

7. In all matters relating to customs duties and charges of any kind imposed on or in connection with importation or exportation or otherwise affecting commerce and navigation, to the method of levying such duties and charges, to all rules and formalities in connection with importation or exportation, and to transit, warehousing and other facilities, each Party shall accord unconditional and unrestricted most-favored-nation treatment to articles the growth, produce or manufacture of the other Party, from whatever place arriving, or to articles destined for exportation to the territories of such other Party, by whatever route. Any advantage, favor, privilege or immunity with respect to any duty, charge or regulation affecting commerce or navigation now or hereafter accorded by the United States of America or by the Kingdom of Nepal to any third country shall be accorded immediately and unconditionally to the commerce and navigation of the Kingdom of Nepal and of the United States of America, respectively.

8. There shall be excepted from the provisions of paragraph 7 of this Agreement advantages now or hereafter accorded: (a) by virtue of a customs union of which either Party may become a member; (b) to adjacent countries in order to facilitate frontier traffic; (c) to third countries which are parties to a multilateral economic agreement of general applicability, including a trade area of substantial size, having as its objective the liberalization and promotion of international trade or other international economic intercourse and open to adoption by all the United Nations; and (d) by the United States of America or its territories or possessions to one another, to the Republic of Cuba, to the Republic of the Philippines, or to the Panama Canal Zone. Clause (d) shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America or its territories or possessions to one another irrespective of any change in the political status of any such territories or possessions.

Government Calls Conference With Radio Industries To Discuss International Broadcasting

[Released to the press May 4]

The Secretary of State will attend a conference on May 5 with the heads of seven private companies which own and operate short-wave radio facilities under contract with the Government, to discuss the future of international broadcasting.

The representatives of the seven companies plan to discuss pending legislation and appropriations for international broadcasting. They have been in general agreement that industry cannot finance international broadcasting on the scale needed, that Government financing is essential, and that continued appropriations to the Department of State for international broadcasting are necessary until Congress agrees upon long-term plans.

The industry representatives who will attend the meetings are: William Paley, chairman of the Columbia Broadcasting System; Niles Trammel, president of the National Broadcasting Company; Philip Reed, chairman of the General Electric Company; James Shouse, President of the Crosley Radio Corporation; Walter Evans, president of the Westinghouse Electric Corporation; Wesley Dumm, president of the Associated Broadcasting System; and Walter Lemmon, president of the World Wide Broadcasting Foundation.

Others who will attend the meeting are Dean Acheson, Under Secretary of State; William Benton, Assistant Secretary for public affairs; David Sarnoff, president of the Radio Corporation of America; and James Lawrence Fly, former chairman of the Federal Communications Commission and now counsel for the Associated Broadcasting System.

Among the congressional leaders who have been invited to attend the meeting are the following:

From the Senate—Arthur H. Vandenberg, president *pro tempore*; Alben W. Barkley, minority floor leader; Tom Connally, Carl A. Hatch, and Walter F. George of the Foreign Relations Committee; Styles Bridges, Patrick McCarran, Joseph H. Ball, and Wallace H. White, Jr., of the Appropriations Committee; Charles W. Tobey, Edwin C. Johnson, and Brien McMahon of the Interstate and Foreign Commerce Committee.

9. Nothing in this Agreement shall prevent the adoption or enforcement by either Party: (a) of measures relating to fissionable materials, to the importation or exportation of gold and silver, to the traffic in arms, ammunition and implements of war, or to such traffic in other goods and materials as is carried on for the purpose of supplying a military establishment; (b) of measures necessary in pursuance of obligations for the maintenance of international peace and security or necessary for the protection of the essential interests of such Party in time of national emergency; or (c) of statutes in relation to immigration.

10. Subject to the requirement that, under like circumstances and conditions, there shall be no arbitrary discrimination by either Party against the nationals, commerce or navigation of the other Party in favor of the nationals, commerce or navigation of any third country, the provisions of this Agreement shall not extend to prohibitions or restrictions: (a) imposed on moral or humanitarian grounds; (b) designed to protect human, animal, or plant life or health; (c) relating to prison-made goods; or (d) relating to the enforcement of police or revenue laws.

11. The provisions of this Agreement shall apply to all territory under the sovereignty or authority of either of the parties, except the Panama Canal Zone.

12. This Agreement shall continue in force until superseded by a more comprehensive commercial agreement, or until thirty days from the date of a written notice of termination given by either Party to the other Party, whichever is the earlier. Moreover, either Party may terminate paragraphs 7 and 8 on thirty days written notice.

If the above provisions are acceptable to the Government of the Kingdom of Nepal this note and the reply signifying assent thereto shall, if agreeable to that Government, be regarded as constituting an agreement between the two Governments which shall become effective on the date of such acceptance.

Please accept [etc.]

JOSEPH C. SATTERTHWAITE
*Chief, Special U. S. Diplomatic Mission
to the Kingdom of Nepal*

PADMA SHUM SHERE JUNG BAHADUR RANA,
Prime Minister, Kingdom of Nepal

May 11, 1947

From the House—Joseph W. Martin, Jr., Speaker; Sam Rayburn, minority leader; Charles A. Eaton and Sol Bloom of the Foreign Affairs Committee; John Taber, Clarence Cannon, and Karl Stefan of the Appropriations Committee; Charles A. Wolverton and Clarence F. Lea of the Interstate and Foreign Commerce Committee.

Program Schedules Distributed for Voice of U.S.A.

[Released to the press April 23]

Program schedules of the "Voice of the United States of America", printed in six foreign languages, will be mailed to 324,850 overseas listeners who have written to the Department of State requesting them. The program schedules, now being issued for the month of June, are printed in French, German, Italian, Chinese, Spanish, and Portuguese, in addition to English.

The schedules are mailed from the New York studios of the Voice of the United States of America each month about six weeks in advance. Requests from overseas listeners are in response to announcements in the six languages that the program schedules are available. In view of the foreign custom of community listening to short-wave broadcasts, these requests are believed to represent only a fraction of the actual number of listeners.

Requests for the programs have nearly doubled since they were offered in French last November, in Italian in January, and in German and Chinese in February. The programs previously had been printed in Spanish and Portuguese for Latin American listeners.

Requests from Germany have been received at the rate of about 18,000 a month and from France and Italy at the rate of about 8,000 a month. Recent reports from China stated that thousands of program requests had been received at the 11 consular offices in China for forwarding to the United States.

The June programs will go to 52,500 listeners in Germany, 50,000 in France, 35,800 in Italy, 17,600 in China, 130,750 in Spanish to Latin America, and 38,200 in Portuguese to Brazil.

¹ Printed from Department of State publication 2799.

Fifth Report to Congress on Foreign Surplus Disposal

LETTER OF TRANSMITTAL OF THE SECRETARY OF STATE¹

TO THE HONORABLE THE PRESIDENT OF THE SENATE
THE HONORABLE THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

SIRS: In accordance with section 24 of the Surplus Property Act of 1944 there is transmitted herewith the fifth report of the Department of State on the disposal of United States surplus property in foreign areas. Incorporated therein is the report required from the Foreign Liquidation Commissioner by Section 202 of the Philippine Rehabilitation Act of 1946 concerning the administration of Title II of that Act.

In addition to continued sales, major progress was made during the January-March quarter in the delivery of property previously sold in major bulk sales. All deliveries under the largest bulk sale, that to France, were completed during the quarter, as were deliveries to Belgium. The bulk of the property currently available has also been transferred to Italy under the Italian bulk sale and plans have been made for the expeditious turnover of the remainder when our troops are withdrawn from Italy.

Substantial progress was also made in connection with the large bulk sales in the Pacific area. The Philippine Government has assumed custody of approximately one-third of the total volume to be turned over and further transfers are progressing rapidly. Transfers of the property located in China to the Chinese Government are practically complete and arrangements for the packaging and shipment of the property sold to the Chinese from islands in the Pacific are well under way and a portion of the property has already begun to move.

While a considerable amount of detailed record-keeping remains, the United States Government has been relieved of the burden of care and custody with respect to \$800,000,000 of property during the quarter. Sales have continued from the property currently in inventory and as of March 31, \$7,174,000,000 of property at original cost had been sold for a realization of \$1,671,000,000.

As is explained in some detail in this report, we have approximately \$3,000,000,000 worth of

property, at original cost, still to be sold. The major concentration is in Germany where an intensive site-sales program has been planned and is now coming into operation.

GEORGE C. MARSHALL
Secretary of State

WASHINGTON, D.C.
April 30, 1947

Philip C. Jessup Appointed Representative on Committee on International Law

The President has appointed Philip C. Jessup, professor of international law at Columbia University, as the Representative of the United States on the Committee on the Progressive Development of International Law and Its Codification which is to hold its first meeting at Lake Success on May 12, 1947.

This Committee was established by a resolution of the General Assembly of the United Nations at its last session in New York. It is to study methods by which the General Assembly should encourage the progressive development of international law and its eventual codification, methods of securing the cooperation of the several organs of the United Nations to this end, and methods of enlisting the assistance of such national or international bodies as might aid in the attainment of this objective. The Committee is to report to the General Assembly at its next regular session in September.

Inter-American Copyright Convention Enters Into Force

[Released to the press by the
Pan American Union April 14]

With the deposit of the Dominican Republic's ratification at the Pan American Union on April 14, the inter-American convention on the rights of the author in literary, scientific, and artistic works becomes an effective instrument in international law.

Article XX of the convention provides that it goes into force on the date the second country deposits its ratification. The first state—Ecuador—deposited its ratification on March 4, 1947.

This convention was agreed upon last June at a conference of experts on copyright specially called

to meet at the Pan American Union for the purpose.¹ The delegates after three weeks of debate achieved a text fairly representing the different viewpoints, and all twenty-one republics signed the instrument on June 22. It will be binding upon the remaining signatory states on the date of the deposit of their instruments of ratification.

Other deposits may be expected as the legislative process of approval can be completed in the various countries. In the case of Mexico, the process was completed by the ratification of the President on December 31, 1946, and deposit is expected in a few days.

Civic Leaders To Discuss Foreign Policy With U.S. Officials

[Released to the press April 30]

The Department of State announced on April 30 that representatives of civic organizations from all sections of the United States will convene in Washington on June 4 for a three-day meeting to discuss American foreign policy. The program will include statements by officials of the Department of State, United States representatives to the United Nations, and Congressional leaders.

Attendance at the sessions of the meeting will include organizations and associations which have over a period of time indicated a continuing interest in international affairs and which carry on educational programs in this field. Among the groups which have designated representatives for the meeting are farm, labor, business, women's, veterans', educational, and professional organizations.

The program scheduled for the first two days of the meeting will include consideration of the political, economic, and cultural foundations of peace. On the third day, June 6, sessions will be held both in Washington and at the United Nations headquarters in New York.

The meeting will provide an opportunity for carrying out in part this Government's responsibilities in connection with article 71 of the United Nations Charter which establishes a method of consultation with non-governmental organizations. According to the interpretation of this article by the Economic and Social Council, national organizations will normally present their views through their respective governments. Other meetings will be held from time to time.

¹ BULLETIN of July 7, 1946, p. 29.

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